THE FINANCIAL POST

OF CANADA

The Canadian Newspaper for Investors

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WASHINGTON IS QUITE WILLING TO DEAL FAIRLY AS REGARDS COAL AND RAW MATERIALS

Fuel Controller and Representatives of Manufacturers' Association and Railroads Make Appeal to American Government

OTTAWA MUST ACT TO AID MANUFACTURERS

Air Has Been Cleared as to Coal Supply, But Deputation Had No Official Authority to Discuss Shipments of Raw Materials—Closer Co-operation Between Canadian and American Governments is Necessary

The crisis in the affairs of the American railroads—a condition reflected by the transportation systems in this country—in combination with the regulation by the American government of the distribution of raw materials to insure the protection of essential industries, has brought Canadian industry and Canadian business face to face with some very serious problems. Restrictions have been placed on the shipment of coal and practically all other commodities between points in the United States and between points in that country and in Canada.

The situation is a delicate one and presents many difficulties but there has been no evidence of any intention to discriminate brought to the attention of the Fuel Controller, officials of the Manufacturers' Association and representatives of the railroads who have just returned from a pilgrimage to Washington. On the other hand there is evidently a disposition on the part of the American government to treat Canada on the same basis as though she were a part of the Union.

The official action which has been taken by the American government is in the form of an order—Number 5—by the Priority Board which sets forth the order of importance of various commodities in relation to transportation. The order should be carefully considered by all shippers. The following are the items in order of priority:

1. Steam railroad fuel for current use;
2. Live stock, perishable freight, food and feed;
3. (a) Shipments of military supplies when consigned direct to the United States Government or the authorized officers of the United States Army, Navy or Shipping Board, or to the allies or the proper representatives thereof, destined to any cantonment, post or encampment, to any point of export for movement thence to Europe, to any arsenal or navy yard, or material to any shipbuilding plant under contract to the United States Shipping Board for the sole purpose of constructing vessels for that Board.

   (b) Other shipments for the United States Government, as the same may be authorized from time to time by the undersigned as necessary in particular cases, but only upon request of the United States Army, United States Navy or United States Shipping Board, through a designated officer or representative of the respective departments, located in Washington.
4. Coal to and for by-product coking plants, and not subject to reconsignment; and
5. Preference and priority in movement only to coal for current use but not for storage, consigned direct (and not subject to reconsignment) to hospitals, schools and other public institutions, retailers of coal for use in supplying domestic consumers only; and to coal, coke and raw materials for current use but not for storage, consigned direct (and not subject to reconsignment) to blast furnaces, foundries, iron and steel mills, smelters, manufacturers engaged in work for the United States Government or its Allies, public utilities (including street and interurban railways, electric power and lighting plants, gas plants, water and sewer works), flour mills, sugar factories, fertilizer factories and shipbuilders; also shipments of paper, petroleum and petroleum products.

The Situation as to Coal

It was largely with regard to the application of recent regulations in respect to the movement of coal that the Fuel Controller and his deputation went to Washington. Reports of the members to THE FINANCIAL POST indicate that every consideration was accorded to Canada's case. There was a disposition shown to treat this country on the same basis as a state of the Union. However, there are many conditions in the Canadian situation which are different from various sections of the United States. In regard to these points, with which Washington officials were naturally not familiar, the members of the delegation were able to give considerable light.

Satisfied as they are with the result of their mission the members are not yet in a position to state the nature of the re-adjustments which are likely to be made. However, it may be considered that, so far as coal is concerned, Canada will be as fairly treated as could be expected considering the seriousness of the situation—a situation in connection with which Dr. H. A. Garfield, United States Fuel Administrator, this week said:—

"It is impossible to curtail fuel to enterprises most likely to contribute immediately to the war. If the war continues very long we may have to cut off fuel from some enterprises that are less essential to the prosecution of the war. But this may carry a much further injury to the public than we can well reckon."

As to Raw Materials

But while the result of this mission to the American capital was to clear away the clouds to some extent as to Canada's position in regard to coal supply, the Priority Board's regulation respecting the distribution of raw materials for other than war industries constitutes an entirely different problem—and one which is very serious in relation to Canadian industry at the moment.

Having the status of a Federal officer the Fuel Controller was able to deal officially at Washington. But with regard to raw materials it is an entirely different matter.

THE FINANCIAL POST has urged the necessity for immediate action at Ottawa with regard to this problem. It urges such action again with emphasis. There is a real need for the establishment of closer relations between Washington and Ottawa with regard to the regulation of raw materials. Already—evidently on account of the election—valuable time has been wasted. Action should be taken at once. The matter is too important to be held up on account of the unfortunate accident to the Minister of Trade and Commerce.

Up to Ottawa to Act

What is evidently needed is a board of experts to go to Washington and remain there for the purpose of co-operating with the United States Priority Board. To do this successfully such a board must have the official endorsation of the Canadian government. The Manufacturers' Association is no doubt in a position to recommend the technical experts qualified to deal with the matter but it is necessary that they should be under the direction of a government representative.

The United States is giving every indication of a willingness to meet Canada half way in regard to matters of international business. The protection of this country's interests is up to our own government.

TO INSURE COAL

Restrictions of Railroad Traffic Will Be Made in January

Special to The Financial Post.

MONTREAL.—The coal situation in Quebec Province is not as serious as in Ontario and Century Coal Co. and others are shipping anthracite and bituminous coal to Prescott and as far West as Toronto at request of Fuel Controller Magrath to relieve shortage.

However, quantity coming over is very restricted, and W. M. Neal, general Secretary for Railway Association, told THE FINANCIAL POST that passenger traffic would be curtailed early in January by an amount equal to 2,250,000 passenger train miles a year, thus saving 115,000 tons of coal and freight traffic was being regulated to create big saving also.

ELECTIONS HAD LITTLE EFFECT ON BUSINESS

Industry Was Relieved by Endorsation of Government's Policy

THRIFT HAS EFFECT

Trade Reports Indicate That Tendency to Save and Rising Prices Are Reducing the Demand for Luxuries

There is nothing to indicate that the recent political events have had any great influence on the business situation on the investment market. However, there can be no doubt but that industrial Canada favored a continuance of the present administration not only on account of tariff policy but because there is always some difficulty in "changing horses while crossing a stream." More important at the moment appears to be the relations between Canada and the United States with regard to supplies and raw materials. This situation is dealt with elsewhere and attention called to the fact that prompt action must be taken at Ottawa to secure for Canada that fair and considerate treatment which appears to be waiting for us at Washington. Further Canada should profit from the fact that the tie-up in the United States is largely due to the inability of the railroads to handle the increased burdens which have been placed upon them and should take steps to insure efficient transportation service in this country.

Industrial and trade reports indicate that high prices together with the more thrifty spirit being displayed on the part of the people are beginning to have their effect upon retail business and this will reflect upon industrial activity. So long as the war lasts with high prices for manufactured and natural products and attendant high wages Canadian business should not seriously suffer but it must be recognised that the strain of war financing is bound to have effect and that if the people are to give the required support to the government they must be prepared to save for loans to come.

More Government Buying

On the other hand while the thrift of the people may result in a curtailment of expenditures on luxuries the success of the war loans means sustained prosperity for the stable industries of the country. Not only have there been the important renewals of munitions orders to which reference has been made since the success of the Victory Loan assured further credits for the Imperial Government, but more recent reports show that buying of foodstuffs has also been resumed, and that millions will be expended for Canadian bacon, which will have the effect of removing congestion in the packing plants and putting the markets on a better basis.

A special article in this issue deals with the recent tendencies in trade between Canada and the United States, and indicates the importance of our business relations with the Republic, particularly at this time when both countries are straining their productive and financial forces in the interests of the Allied cause in Europe.

WAR REASONS FOR FINANCING OF SHAWINIGAN

Funds Granted in U.S. to Increase Output of Supplies.

IMPORTANT RELATIONS

A Case in Point to Illustrate Advantages of Close Co-operation in Aims and Objects Between Canada and States

Special to The Financial Post.

NEW YORK.—Significant of the importance to Canada of maintaining close business and industrial relations with the United States is the announcement of the new issue of $4,500,000 of Shawinigan Water and Power Company's two-year 6 per cent. convertible gold notes. This is the most important Canadian financing which has been accomplished in New York since the United States stepped into the war and undoubtedly the great factor in the granting of such favorable treatment is that a substantial proportion of the company's output of power is being delivered on long term contracts to concerns manufacturing war supplies for the United States, and the other Allies. Clearly, only because of its vital part in the war, was this new financing permitted in New York at this time.

In connection with the new issue an official estimate of the company's for 1917 has become known. With November and December officially estimated the year's gross is set down at $2,905,204, which establishes a new high mark for the important Quebec province hydro enterprise. After taxes and interest charges a balance of $1,460,038 remains for the common stock holders. This represents earnings at the rate of 9.7 per cent. compared with a ratio of 8.83 per cent. in 1916; 8.45 per cent. in 1915; and 7.99 per cent. in 1914.

Increased Earnings

As a result of expenditures represented by this new note issue the promise is made that very substantial increases in net earnings for 1918 and thereafter are assured.

J. E. Aldred, the president, states that the proceeds of this issue will be sufficient to complete the construction work now in progress and to pay all present floating debt. This construction and floating debt represent improvements and enlargements of hydro-electric and other properties which have been, and are, a vital factor in the prosecution of the war by the United States and its Allies.

No further mortgages or liens can be placed on the company's property or assets unless these notes shall thereby be retired.

These $4,500,000 notes which were purchased by a syndicate composed of Alexander Brown & Sons, Brown Bros., Lee Higginson & Co., and Jackson & Curtis, are being offered at 97½ and interest, yielding about 7⅜.

It will be recalled that the last financing the Shawinigan Water and Power Company did in New York was when in October, of last year $2,500,000 5 per cent. two-year notes were put out, to meet the expenditure required for the La Loutre Dam and the Canadian Electro Products Company.

The newest notes will be convertible, at the holder's option at any time into the common stock of the company at the rate of $110 in notes for each $100 of stock, with an adjustment of interest and dividends. They will be called at the company's option as a whole or in part on 60 days' notice at 101 and accrued interest on or prior to December 15, 1918, and at 100½ and interest thereafter, but, if so called may nevertheless be converted if presented at least ten days before the redemption date. The indenture will provide that no further mortgages or liens can be placed on the company's property or assets unless these notes shall thereby be retired.

With the present financing the company will have no floating debt other than current operating accounts, and will have ample working capital for its requirements. The $2,500,000 two-year 5 per cent. notes due October 1, 1918, were issued to provide part of the funds required for constructing for the Provincial Government a storage basis at the head waters of the St. Maurice River, and for financing the Canadian Electro Products Co., Ltd. The conditions governing the erection of this dam and the ownership by this company of all the securities of the Electro Products Company ensure the reimbursements to the company of the capital expenditures involved, partly in cash and partly in bonds of the Proince of Quebec.

Merritt Oil Corporation has successfully completed a test well on section No. 15 in the Big Muddy Field in Wyoming. Oil was struck at a depth of about 3,000 feet, and on the penetration of the sand the well immediately filled up with oil, indicating one of the best wells in the field.

MURRAY-KAY ABANDON PLANS FOR BIG STORE

New Department Store Enterprise for Yonge Street Ended by War.

CHANGES AT MONTREAL

Richard P. Gough Becomes President of Ogilvy's and New Capital is Provided — Both Institutions Are Stronger

Owing to war conditions both in Canada and the United States, the proposal for a large department store on Yonge Street for Murray-Kay, Limited, has been abandoned. The firm will continue in its double premises on King Street East and West, as at present, and the control over the Ogilvy department store in Montreal, which would have been an essential condition to the success of the larger scheme in Toronto, has been given up; the latter store has been reorganized. Whether the amalgamation of the two businesses will be considered again after the war comes to a close, and earlier conditions of trade and building have been, in part at least, re-established, remains to be seen.

The details of the plan as originally conceived will be familiar to readers of THE FINANCIAL POST. This contemplated the formation of a new company by an issue of stock, the closing of the two present Toronto stores; the erection of a large new building on Yonge Street, on the east side, to take in the former National Cash Register store site and others farther north, or, according to a later suggestion, to take over the site opposite the proposed new Eaton store at the corner of Yonge and College Streets, and take advantage of the trade that would be created for that corner by the Eaton operations. In order to enlarge the retail market for their goods, it was further proposed to add the store of Jas. A. Ogilvy & Sons of Montreal, which would enable the new firm to retain buyers in New York and Europe continually, and otherwise secure more favorable prices on the bulk of the goods that were bought. The new building in Toronto was to be undertaken by a building company separate from the other, which would have been organized with capital of $2,000,000. Part of the money that would be realized by the sale of stock in the new Murray-Kay Company would have gone for stocking up the new store, part for the development of the Ogilvy business in Montreal, and part would have been set aside as a reserve to carry on the new business until it had won sufficient trade to cover the large increase in the overhead costs of the undertaking.

War Changes Plans

An issue of about one million dollars had been underwritten in New York, THE FINANCIAL POST is informed, when the United States entered the war, and the enterprise received a setback. There was also a feeling that, apart altogether from this, the public might look askance at the erection of a new store during war time that would provide many times the facilities of the older stores, and might on this account be supposed to require a long period until business grew to meet it.

Finally, it was decided to continue the Murray-Kay business as it is, and reorganize the Montreal store. This has been done, and a charter has been

Continued on page 5.

PRODUCTION OF CANADA CHEESE IS DWINDLING

Producers Fear the Wholesale Defection From Cheesemaking.

U.G.G. CO. MAKE $1,000,000

Canada's Total Production of Cheese —Farm Labor Serious—Organized Production More Urgent Than Ever

By F. M. CHAPMAN,
Editor, "Farmer's Magazine."

The cheese producers of Ontario are protesting against the unfair discrimination of a fixed price by the British Government. They voiced their complaints at the big United Farmers of Ontario Convention in Toronto this week. The dairymen of Oxford and Leeds were particularly outspoken on the situation. They claim that it takes 11 lbs. of milk the year round to make a lb. of cheese; that the fixed prices of 21¾c at Montreal means 19c to the farmer after paying maker's charges, that farmers will not produce cheese at a loss and that many factories are quieting. The situation indeed looks serious and this convention urged the Government to make an enquiry at once with a view of readjusting the cheese prices with the British Government. The Oxford men claim that with cheese selling at 20c there is no reason why consumers of the cheese a few miles away should pay 37c for it.

The total returns of cheese production in Canada in 1917 are not made up yet but that they will not equal the production in lbs. of 1916 seems clear.

The total production of factory cheese in Canada during 1916 was 192,968,597 lb. of the value of $35,512,622, as compared with 183,887,837 lb. of the value of $27,097,176 in 1915. By provinces the lead in production is taken by Ontario with a total quantity in 1916 of 126,915,870 lb. of the value of $23,312,935, Quebec being second with 61,906,750 lb. of the value of $11,245,104. These two provinces together account for 98 per cent. of the total production of factory cheese. The production and value of factory cheese in the other provinces in 1916 were as follows: Prince Edward Island 2,121,736 lb., value $409,495; New Brunswick 1,185,664 lb., value $210,693; Manitoba, 880,728 lb., value $158,931; Alberta 745,122 lb., value $154,453; Nova Scotia 94,727 lb., value $17,051; and British Columbia 18,000 lb., value $3,960. The average price per lb. of factory cheese in combined factories for all Canada works out to 21 cents in 1916, as compared with 17 cents in 1915. In 1916 the average price was highest in British Columbia, 25 cents. In Quebec and Ontario the average price was 18 cents and in Alberta it was 21 cents.

The seriousness of the farm labor problem was another dominant note at the convention. Mr. E. H. Stonehouse, president of the Milk Producers' Association, and member of the Milk Commission, drew attention to the continued falling off in production despite the prices and the needs. It was a sheer physical impossibility to increase with the steadily declining country population. He urged immediate steps be taken to organize production by having some system of registration of labor; the closing of non-essential industries, and for consumers to economise by cutting off all luxuries.

That price fixing as it was working out was all wrong in that the farmers' produce was fixed first and the farmers' raw materials were not so quickly regulated in price, was the contention of R. W. E. Burnaby. If any price fixing be done, it should be a minimum price.

John Kennedy, vice-president of the United Grain Co. of Winnipeg, announces the profits of th this big farm organisation in the West at between a million and a million and a quarter this year. This includes the profits of the Alberta Co-operative Elevator Company which is part of the recent amalgamation. He complimented the manufacturers on laying their plans to cut out middlemen profits and excessive collection charges by instituting a cash system in implement purchases.

BANK OF MONTREAL

Established 10 Years (1817-1917)

Capital Paid up, $16,000,000. Rest, $16,000,000.
Undivided Profits, $1,664,893.
Total Assets - - - - $403,980,236.

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Branches and Agencies { Throughout Canada and Newfoundland
Also at London, England
And New York, Chicago and Spokane in the United States.

THE MERCHANTS BANK OF CANADA

Established 1864 *Head Office, MONTREAL*
President—Sir H. Montagu Allan, C.V.O. Vice-President—K. W. Blackwell
Managing Director—E. F. Hebden General Manager—D. C. Macarow

Paid-up Capital .... $ 7,000,000
Reserve Fund and Undivided Profits.......... 7,421,292
Total Deposits (December, 1917) 103,000,000
Total Assets (December, 1917) 136,000,000

233 Branches and Agencies in Canada, extending from the Atlantic to the Pacific.

A GENERAL BANKING BUSINESS TRANSACTED

Special attention given to Collections. SAVINGS BANK DEPARTMENT AT ALL BRANCHES.

Commercial and Travellers' Letters of Credit issued, available and payable, respectivly, in all parts of the world. Travellers' Cheques issued in convenient denominations, payable at par throughout the world.

TORONTO BRANCH, A. B. Patterson, Manager.

Established in 1836. *Incorporated by Royal Charter in 1840.*

The Bank of British North America

PAID-UP CAPITAL, $4,866,666. RESERVE FUND, $3,017,333.

STATEMENT TO THE DOMINION GOVERNMENT (CONDENSED)
30th NOVEMBER, 1917

LIABILITIES TO THE PUBLIC.

Notes in circulation .... $ 5,814,764
Deposits 57,240,979
Due to other banks 454,089
Bills payable (acceptances by L/O) 1,651,683
Acceptances under letters of credit 1,589,128
$66,750,643

ASSETS.

Cash on hand and in Banks $12,184,178
Deposit with Government o/a note circulation 245,822
Deposits in central gold reserve 2,420,000
Government, Municipal and other securities 15,048,701
Call and short loans 7,456,138
Current loans and discounts and other assets 35,169,405
Liabilities of customers under L/C's 1,589,128
Bank premises 2,374,637
$76,488,004

THE HOME BANK OF CANADA ORIGINAL CHARTER 1854

Head Offices and Eight Branches in Toronto

8-10 KING ST. WEST, HEAD OFFICE AND TORONTO BRANCH

78 Church Street
Cor. Queen West and Bathurst
Cor. Queen East and Ontario
Cor. Bloor West and Bathurst
236 Broadview, Cor. Wilton Ave.
1871 Dundas St., Cor. High Park Ave.
1220 Yonge St. Subway, Cor. Alcorn Ave.

THE STANDARD BANK OF CANADA

EST'D 1873

Quarterly Dividend Notice No. 109

NOTICE is hereby given that a Dividend at the rate of THIRTEEN PER CENT. PER ANNUM upon the Capital Stock of this Bank has this day been declared for the quarter ending 31st of January, 1918, and that the same will be payable at the Head Office in this City, and at its branches, on and after FRIDAY, the 1st day of February, to Shareholders of record of the 23rd of January, 1918.

The Annual General Meeting of the Shareholders will be held at the Head Office of the Bank in Toronto on Wednesday, the 27th of February next, at 12 o'clock noon.

By Order of the Board,
C. H. EASSON,
General Manager.

Toronto, December 21st, 1917.

THE MOLSONS BANK

Incorporated by Act of Parliament 1855

Capital Paid Up - - - $4,000,000
Reserve Fund - - - - 4,800,000

Head Office, Montreal

Besides its 98 Branches in Canada, the Molsons Bank has agencies or representatives in almost all the large cities in the different countries of the world, offering its clients every facility for promptly transacting business in every quarter of the globe.

Edward C. Pratt, General Manager

NEWS OF SECURITIES -- Spread in Minimums

THE election has passed like all other recent developments which might have been expected to affect the investment situation in Canada without having any marked influence on the securities markets. There can be no doubt but that the result was regarded as favorable and there was a slight brightening of sentiment. However, it was not sufficient to affect the many stocks taking refuge behind the minimum barrier. Whether the outcome had been discounted or whether the market is too deeply in the rut to be influenced by anything short of a radical upheaval of conditions is not evident.

In any event opinion is growing in trading circles in Toronto that the continuation of the period of depression warrants some readjustment of the official minimums on the Canadian exchanges. On the other hand the majority of Montreal brokers are evidently of the opinion that they should be maintained as at present. The arguments for revision are that while artificial values may be advisable during a panic they should not be maintained over any lengthy period and that a certain amount of trading will take place below the official prices, these sales ostensibly being made by dealers who are not members of the exchange and who may set their own figures without investors having an official market to guide them. Arguments against a change include the contention that the depression is still due to an unwarranted public apprehension and that the maintenance of the prices is actually in the interest of the holders who might be unduly influenced in a wave of unrestricted liquidation.

As between Toronto and Montreal there is evidence that a different policy is being followed as regards the minimum matter. In Toronto, the amount of the recent dividend payments has been deducted from the official figure and continuation of this procedure is favored by many to bring about a gradual readjustment. In Montreal the minimums are being rigidly adhered to.

J. S. Bache & Co., New York.—Inasmuch as daily sentiment on the market is so liable to the influence of war operations and developments, and of events on the battle lines, it is impossible to form conclusions of the immediate or near future trend of prices, but a very large number of highly desirable investment securities are selling so far below intrinsic values that we do not hesitate to advise purchases for investment, with purpose to hold until the close of the war. The dividends on such securities are well assured, and purchasers benefited by high yield during the period of waiting, will, we believe, realize eventually a substantial profit.

Henry Clews & Co.—The fall in the industrials must be partly due to exaggerated apprehensions. That price fixing and government regulation would stop profiteering was known long ago. That increased expenses and heavy taxes would cut deep into profits was equally recognized. That prolongation of the war would force general economy, restrict consumption, absorb the country's earnings, check new enterprise and keep commodities on a high level were also matters of common knowledge. When it is remembered that the industrials never fully reflected the effect of war profits and were never unduly inflated, it would seem as if the recent decline had about discounted changed positions.

STEEL

Business at a Standstill and Prices Unchanged—Shortage of Steel Continues

By P. BAIN, M.E.,
Editor, Canadian Machinery.

Trading in steel securities has been practically at a standstill this week, transactions being so limited as to give no indication of the trend of prices. Even on the day following the elections when all doubt as to the result had disappeared there was no activity although some movement in stocks might reasonably have been expected. The market is in the doldrums and steel stocks are likely to continue to be neglected for the balance of the year. Prices of steel securities are at the same level as at the end of last week and are in the majority of cases at the minimum. The international situation is more encouraging in some respects although conditions in Russia seem to be growing worse and will have a depressing effect on the market in spite of the fact that developments in that country have already been discounted to some extent.

The shortage of iron and steel which has already caused some restriction in manufacturing operations, shows no signs of improvement and the outlook is not by any means satisfactory. Little difficulty is being experienced in obtaining steel for war purposes but for ordinary manufacturing requirements consumers are not able to obtain material in sufficient quantities to satisfy their needs. Comparatively dull conditions will likely prevail for the balance of this year and probably for the greater part of the first quarter of 1918. This applies to purely domestic business and not to that section of the trade engaged upon war orders.

As far as can be judged at present no marked price recessions are likely to take place this year. The situation, however, in regard to prices is somewhat uncertain and may to some extent depend upon developments at Washington. An important meeting was held in that city towards the end of last week when, it is understood, the question of revising the fixed price schedule was discussed. No announcement has been made in regard to the result of the conference but it is believed that the present schedule for steel prices will be reaffirmed by the government. At the present time the volume of steel business is showing some increase over what it has been at any time previously since price fixing was first announced, with private consumers good buyers and a number of large Government contracts passing.

The shortage of coke continues to cause such anxiety to consumers and as a result the pig iron situation is growing more serious. Production of pig iron in this district has not yet suffered from the lack of coke but will likely do so unless conditions improve materially in the near future.

	Close Dec. 13	Close Dec. 20	Change
Can. Car	18½	18½	...
Do., pref.	49½	49½	...
Can. Loco., com.	58	58	...
Do., pref.	84½	84½	...
Gen. Elec.	101½	99½	—2
Dom. Bridge ...	128	128	...
Dom. Iron, pr. ..	88	88	...
Dom. Steel	52	52½	+ ½
N.S. Steel, com..	66	66	...
N. Stl. Car, pr..	17	19	+2
Stl. of Can., com.	49½	49½	...
Do., pref.	84½	85	+ ½
Russ'l Motr com.	50	50	...

STEEL OF CANADA

The Steel Company of Canada will build a large addition to the plant at Brantford involving an expenditure of $100,000. Extensions to the plant at Hamilton, are also under way in addition to the coke oven plant which it is expected will be completed in the spring. Although the company has extensive shell contracts on hand, more attention is now being paid to the development of business along ordinary lines, the extensions referred to above being part of this policy. The shell plant at Montreal has been closed down and the space will be utilized for other purposes. The shell plant at Brantford will continue to be operated at capacity and shrapnel bars rolled at Hamilton. The stock has been quiet during the week closing around 48½ the minimum level.

ALGOMA STEEL CORP.

The Algoma Steel Corporation is contemplating making considerable improvements and additions to its plant at Sault Ste. Marie, Ont. In this connection a contract has been entered into with a New York firm, the Willputte Coke Oven Corporation, for the installation of 25 by-product coke ovens, together with by-product equipment. Construction, it is understood, will be commenced immediately, and it is expected that the work will be completed around the middle of next year.

DOMINION STEEL

Dominion Steel common, like other steel stocks, has been steady all the week, closing at 51¾, the same level as at the end of last week. Operations continue on a satisfactory basis and a higher price may be looked for when the general market situation improves.

NOVA SCOTIA STEEL & COAL

Nova Scotia Steel & Coal Co. at the directors' meeting held recently declared a dividend of $2.50 on the common stock, payable January 15, to holders of record December 31. The regular quarterly dividend of 2% on the preferred shares was also declared payable on the same date. The 2½% declared on the common completes the 5% planned for the year. The first 2½% was declared in June. Since the first payment for the year, 20% of bonus stock has been issued so that the old stock will receive the equivalent of 50 cents a share additional. Declaration of 2½% dividend on Scotia, for the second half of the current year, is in accord with expectations and was accepted as a matter of course on the Stock Exchange on Saturday. The old shareholders in all will receive 5½% for the full year. The first dividend was $2.50; the second, however, is applicable to the bonus stock distributed last month as well as the old stock. As the bonus amounted to 20% stockholders will receive the equivalent of 50 cents extra per share of the original stock. In Scotia circles it is stated that business is proceeding much as usual with generally satisfactory results.

Steel Products

CANADIAN CAR

The munitions business of Canadian Car & Foundry Co. has been supplemented by an order for 75 mm. shell from the United States Government. The company is working now on a large 6-in. shell order from the Imperial Munitions Board, and the two will keep the shell plants busily engaged until late next year. Work on the car orders for the Dominion Government is proceeding satisfactorily at the three plants and supplies of steel are coming in with no serious delays. THE FINANCIAL POST is informed that during the past month the company turned out 14,000 tons of steel castings, which is exactly four times what was the free capacity of the company in the early months of 1914.

DOMINION BRIDGE CO.

It is stated by interests associated with Dominion Bridge that the connection which has been established between that company and the International Engineering Works, Ltd., Amherst, N.S., arose through the placing of orders for engines with the Eastern concern and does not necessarily at this time imply a controlling interest, although some cash advances were made to enable the company to carry out its contract. The Dominion Bridge Co. has become a large manufacturer of marine engines and its orders are extensive enough to pass along some of these to other concerns. The Amherst company has such a plant as is required for the work, but needed some special equipment which was easier for the Bridge company to finance than the smaller concern.

It is evidently the intention of the Bridge company to make the connection permanent as a good-sized block of the capital stock has been acquired and six Bridge directors have been given places on the Engineering company's board. These are: Phelps Johnson, G. H. Duggan, F. L. Wanklyn, J. Malcolm McIntyre, H. H. Vaughan and A. K. Brown, K.C.

The International Engineering Works was financially reorganized some years ago by Corporation Agencies, Ltd., of Montreal, prior to which it was known as the Robb Engineering Co. Owing to the business depression before and after the war its career was not an easy one, but this new connection will give the industry a decided impetus.

The annual report of the company this week certainly was not bullish, and the directors were unusually frank in declaring the business had been "disappointing" and intimating that a cut in the 10% dividend that has been in force this year would be considered seriously next year. At the same time the net profits of $1,186,436, though falling far below the last two years, are fairly encouraging, and the detailed list of prospects for next year, with "accrued" profits of $1,500,000 from the Quebec Bridge, will bring next year back into the class of 1916. There has been no movement of the stock for some weeks. The minimum price is fixed at 127, while the year's high was 170.

TEXTILES

Almost a Dead Calm in Trading—Lessened Buying in the States May Not Be Repeated Here

By H. H. BLACK.

The present week holds up a new record for trading in a single security on a single day for a few shares only. The apathy that has affected the whole market, and may continue until the turn of the year, has fallen upon textile securities.

Much uncertainty exists in regard to the part that England and the United States mills will be able to play the coming year in exporting cottons and woolens to Canada. The general opinion is that their exports will be cut down materially, and that, as a rule, Canadian mills will be able to count on a larger share of domestic trade than ever before.

Two important points in connection with the textile trade were discussed with THE FINANCIAL POST this week by A. O. Dawson, vice-president and general manager of Canadian Cottons. One was the effect that the prevailing embargoes of the United States against the export of raw materials, except under license, would have on the supply available for Canadian mills. Mr. Dawson stated that so far there had been no interference, although difficulties in transportation had forced the mills to order weeks and months ahead.

Mr. Dawson is of the opinion that the turn towards greater economy in buying that is noticeable in the United States will not be repeated in Canada. This movement in the States is, he thinks, a repetition of the near panic that seized the trade and the public in Canada in the early months of the war. He does not believe that the average Canadian will cut down much so long as wages and employment continue as they have been for the past 18 months. This view is reassuring to the mills in looking forward to a good business for fall, 1918.

	Close Dec. 13	Close Dec. 20	Change
Can. Cot., com..	48½	48½	...
Do., pref.	76	76	...
Dom. Tex., com.	80¾	80¾	...
Do., pref.	100	100	...
Mon. Knit., com.	30	30	...
Mon. Cot., pref.	100	100	...
Penmans, com...	65	65	...
Do., pref.	81⅞	81⅞	...

PATON MFG. CO.

Checked only by a rather serious scarcity of labor, due partly to enlistment, and partly to the extra inducements held out by half a dozen munitions plants in Sherbrooke, the Paton Mfg. Co. is working to capacity on orders for woolens, that have become the more scarce as a result of a lessened export from Great Britain, and the shutting out of a considerable percentage from the United States. It is understood that the mills are particularly busy just now on a large domestic war order, and cannot accept all the domestic business that offers. The Paton Mfg. Co., made an especially strong showing in turnover and profits last year, and are likely to come close to repeating on this for 1917.

PENMANS

For the third year in succession Penmans has declared a bonus of 1 per cent. on the common stock that carries 4 per cent. This was done on Wednesday of this week, and will be payable on Feb. 15, to holders of record Feb. 5. This bonus makes a total of 5 per cent. on the stock, and by now the shareholders have come to look on it as a regular affair, much as a bank bonus. The stock paid 2 per cent. in 1907, and 4 from then until 1916, when the bonus was begun. The announcement of this bonus indicates in itself that the year's business of the company will be all that has been anticipated, in spite of adverse conditions in the way of raw materials and a scarcity of labor. The profits last year were $864,780, an increase of $85,000 over the previous year. It is expected that the net profits of the present year which ends on Dec. 31 will be fully as large as last year. A declaration has been made also of the payment of the regular quarterly 1½ per cent. on the preferred, payable Feb. 1 to holders of record Jan. 21.

A few shares of preferred of Penmans were sold this week at 81⅞, the fixed price. There were no transactions in common.

CANADIAN COTTONS

No difficulty is being experienced by Canadian Cottons, according to the Vice-President and General Manager, A. O. Dawson, in securing the entry to Canada of all the raw cotton that is required for the mills here. Canadian Cottons, of course, would be allowed to bring in a certain quantity anyway as the mills have a large contract for the U. S. war department. Apart from this, however, there is no restriction on general imports of cotton to Canada. Canadian Cottons have still no price lists for their customers as the raw situation still remains too uncertain. The mills are running well to capacity and will be until well on into the spring on the orders already to hand.

Declarations of ½ per cent. on preferred and 1 per cent. on common for the quarter were made this week, payable Jan. 4 to record of Dec. 24.

MONTREAL COTTONS

The destruction of the power plant of Montreal Cottons, Limited, at Valleyfield, which was referred to in last week's issue, still leaves fully half the capacity of the mills closed down. Experiments are being tried that may enable the damaged mill to resume operations next week, or, again, nothing may be possible for a couple of months. The adjoining mill, known as the Gault, is operating steadily, and thus only about one-half of the 3,000 operatives are idle. The damage was in the neighborhood of $150,000, which was covered by insurance. If the immediate output is considered the mill is unfortunate in having this end conducted in the property that was connected with the power house. The spinning, bleaching, etc., is conducted in the Gault mill. A considerable stock of made-up goods, however, is on hand.

DOMINION TEXTILE

The textile mills may soon be affected in the volume of their output by a "wave of economy that is sweeping through the country," in the opinion of the Vice-President and General Manager of the Dominion Textile Company, F. G. Daniels, who has returned from Halifax this week after a tour in the United States. Mr. Daniels was called to Halifax in connection with the disaster there which destroyed one of the mills of the company. He had met a number of manufacturers in his trip and the general opinion was that the buying of the public would be more restricted in the next year. This would be due partly to the higher price of goods, and partly, and mainly, to the feeling that every one should economise in the face of national requirements for the prosecution of the war.

In referring to the destruction of the big mill of the Dominion Textile Company, Mr. Daniels stated to THE FINANCIAL POST that the value of the mill would be in the neighborhood of $1,500,000, and that 22,000 to 23,000 spindles were thus put out of commission. The company would not lose financially so far as the mere building and equipment were concerned, as these were destroyed by fire which started three hours after the explosions, and there had been a settlement with the insurance companies that was satisfactory. A more serious matter would be the loss of the machinery, and the output of the mill. There would be an effort, however, to persuade the operatives to move to another mill of the company and continue the work there that had been interrupted. In this way the output and the filling of orders would be continued with little interruption. None of the employees were killed, although several had been injured.

It is seldom that a week passes without Textile leading in sales, but this week was an exception; none was registered.

MILLING

Situation Cleared by Practical Settlement of the Package Goods Matter

By J. L. RUTLEDGE,
Editor Canadian Grocer.

The milling situation is slightly easier owing to the practical settlement of the package goods matter. Licenses have been granted to practically all the firms requiring them. This applies even to wheat products, which it was feared would receive different treatment. That much is settled, however. Now the greatest difficulty facing the milling concerns is the prevalence of embargoes, embargoes on grain coming from the west and embargoes against shipment through Canada's two winter ports, Halifax and St. John. The former place is of course not in a position to handle such business and as a result the port of St. John has been greatly congested, and it too is now closed to business, entailing a very considerable degree of difficulty to those firms.

These are only temporary conditions, however, and only slightly affect the burden of business being done. The general report from all companies is of a full capacity run, and there are no present indications of any falling off in the demand.

Trading during the week in all the quoted stocks was of a very light order, but it is interesting to note that during the course of the past weeks there has been little or no change in the range of prices in the bulk of these stocks. While the activities of the companies concerned are more or less wrapped up with war conditions, there is evidenced a decided feeling that there is not much of a speculative element. The indications unquestionably point to the fact that the holders are looking upon their investments as actual investments rather than speculations. Even the high prices incident to certain recent extra dividends did not release any great quantity of any of the milling securities on the open market. The public evidently has a considerable degree of confidence in the stability of this particular industry.

LAKE OF THE WOODS

A blank form from the office of the Food Controller awaits the pleasure of the officers of the Lake of the Woods Milling Co., and it is certain that they will avail themselves of the right to continue putting up their flour in the smaller packages, which the earlier regulations of the Controller would have prevented. The chief value of this to the company is not so much in reference to keeping up sales, as that it preserves the valuable brand names of the mills with the consuming public. At one time it was feared that all of this that had been built up at heavy cost over a period of years would be swept away by a regulation that would remove all brands, and force one standard of flour upon all the mills.

The orders continue to come into the Lake of the Woods in such volume as to keep the mills fully engaged, along with the orders that they are called on to fill for export. A restrictive measure has been taken by the Food Controller in fixing the price of mill feeds. While this limits the profit it may not work out adversely to the mills as a drop in the profit on the feeds will be compensated for by an advance in the price of flour. This will be made possible by the fact that the one balances the other, and if the 25 cents a barrel allowed as profit on flour is not secured under present prices if the "offal," as mill feeds are called, is cut down in price, then flour must go up proportionately. It is likely, therefore, that an advance will take place in flour, amounting to about 50 cents a barrel. Thus will the mills be assured of their net profit in the handling of the wheat. There was some trading in the common during the week, the price remaining firm at the prevailing figure 120⅛.

OGILVIE MILLING

The memory of the last bonus of 15 per cent. on the stock of the Ogilvie Flour Mills Co. had not died away when this week another pleasant surprise came in store in the announcement that the regular quarterly dividend for the first of the year had been increased from 2½ to 3 per cent., making a net increase for the year to come of 2 per cent. The total dividend payments on common now amount to 12 per cent. yearly, which is an advance of 4 per cent. from the regular dividend for the year 1916, when it was only 8, although in that year a bonus of 4 per cent. was paid. The first dividends on the common were 7 per cent. from 1903 to 1909; in 1910, 7¾ per cent.; and 1911 to 1916, inclusive, 8 per cent.. The extra 2 per cent. will mean $50,000 a year, while the 15 per cent. bonus paid this year required $375,000. In 1908 there was a bonus dividend of 100 per cent., paid in the form of stock.

The placing of the stock on a 12 per cent. basis is due not only to the assured market for flour, but in large measure to the fact that the company has a profitable business in lines such as elevators, and in additional lines of manufacture, such as oats, corn meal, and other cereals.

While there would appear to be an almost lavish issue of bonuses to the shareholders the last couple of years, these were not due, even mainly, to the profits incidental to these years, but in the main the result of a careful development of the properties and business of the company, while surplus funds were conserved, so that now the future is assured.

Trading was light in this stock of the company during the past week. The common was firm at the 140 figure of the past week. There were no sales in the preferred.

MAPLE LEAF

The Maple Leaf Milling Company with others is suffering from the difficulties of handling incident upon the embargoes on the ports of Halifax and St. John. This is unquestionably complicating the situation, but as a goodly part of their business is on British Government contracts, these transportation difficulties have to be met in part at least by the authorities.

Trading was very inactive in the stocks of the company, the only transactions noted being in the preferred, where a few shares sold at 92 the prevailing figure for some time past. The last quotation in the common was at 93.

WESTERN CANADA FLOUR

J. E. Macfarlane of the Western Canada Flour Company reports that the business of the company for the week has been of a very satisfactory nature. The company, however, is facing the possibility of a serious loss owing to the disaster at Halifax. It carries large stocks of goods in Halifax to look after European and West Indian business, and early reports indicate that this stock has been a complete loss. It is too early at the moment to say just how extensive this loss may be, but it is feared that it is of a serious nature. The embargoes against the ports of Halifax and St. John are also proving a very disturbing factor in the trade.

PULP AND PAPER

Slightly More Movement in the Market This Week, But Volume of Trading Still Small

By W. A. CRAICK.

There was a small improvement in the market for pulp and paper stocks this week. Between four and five hundred shares of Laurentide came out, selling at the minimum of 152. Brompton showed increased activity and sold up half a point from its minimum during the week. There was also slightly more interest in North American, though at lower levels. Other stocks, however, were not touched, and the general lethargy of the market continues. Price changes for the week were as follows:

	Close Dec. 13	Close Dec. 20	Change
Laurentide	152	152	...
Riordon	117¼	117¼	...
Spanish, com. ..	13	13	...
Wayagamack ..	50	50	...
Brompton	89	89½	+ ½
N. A. Pulp	2⅝	2½	— ⅛
Price Bros.	120	120	...

The newsprint situation in Canada continues unchanged. It is understood that G. T. Clarkson, the Commission's accountant, has completed his revision of costs, but when these will be considered publicly is not stated. The present price arrangement expires on January 20, though, of course, it could easily be extended a month or so longer if deemed necessary. That this is probable may be deduced from the fact that the Federal Trade Commission does not commence its work until January 7, and there is a likelihood that the authorities in both countries will act together when it comes to making final arrangements.

So far as the book probe is concerned, this is to be proceeded with, and another hearing will take place in Ottawa early in January. The publishers express dissatisfaction with the concessions offered by the manufacturers and insist on the continuance of the investigation, with a definite fixing of prices and trade customs.

Following on the dissolution of the Newsprint Manufacturers' Association in the United States comes the publication of the report to Congress of the Federal Trade Commission on the newsprint situation there. The report says, in part:

"In the newsprint paper investigation, the commission found that prices had been increased out of all proportion to the increase in costs, to the great detriment of the publishing business, and the injury of the reading public, and had reason to believe that this result was due in part to the deliberate attempts of the News Print Manufacturers' Association to artificially enhance prices. An earnest effort was made by the commission to bring a reduction in prices. Some of the chief producers of news print paper proposed to leave the question of prices to the arbitration of the commission, and the members of the commission, acting as individuals, agreed to undertake this, and announced their decision. This effort failed, however, on account of the refusal of certain manufacturers to abide by the decision. Nevertheless, the commission succeeded in procuring a distribution of a considerable quantity of paper at comparatively reasonable prices, which greatly ameliorated the situation of a large number of small newspapers, and forwarded to the Department of Justice its files and data for use in a proceeding which later resulted in the indictment of seven members of the association."

The next meeting of the Federal Trade Commission and the manufacturers will be held on January 7. Meanwhile slightly more than half the producers of newsprint have signed the agreement with the Commission to sell at a rate of $3 per hundred pounds.

Reports to the Federal Trade Commission on the newsprint paper market for the five weeks ending December 2 show a decline in production, due, it is stated, to strikes on the Pacific Coast and mill breakdowns; a decline in mill stocks of about 4,000 tons and a stock of about 6,500 tons held at delivery points. A small decline in jobbers' stocks and a decline of about 9,500 tons in publishers' stocks is also shown. Jobbers' reports indicate a slight softening of prices during November.

LAURENTIDE

While the market price of pulp wood has shown a considerable decline since last spring, as a matter of fact the costs of production of the newsprint copanies have advanced. Most of them have their own pulp wood, so that the outside market price did not enter into the cost of production in the same way as it does, for instance, with book paper mills that have to get their raw supplies outside. An official of the Laurentide Company in expressing the hope that the Federal Trade Commission of the United States would see fit to keep up the price of paper to the 3 cent level that it will hold between Jan. 1 and April 1, stated to THE FINANCIAL POST that his company, with others, would have a very good case to present in an appeal against a lower price if such were considered. While they have been able to secure a fair number of men for the woods this fall, the wages were running up to $65 a month and "found," while the average before the war was around $22 and $23. In the case of pork, the barrel price to-day is $62; in 1913-14 it was around $17.50. To-day a a bushel of beans costs $9.50; before, the average ran between $1.90 and $2.25 a bushel.

While there has been a considerable delay in getting cars for exporting their paper to the United States, the Laurentide Company are hopeful that the efforts of the Canadian railway authorities at Washington will be successful in releasing a number of the 20,000 surplus Canadian cars that have been retained there for many months. The Laurentide mills are working to capacity on the orders in hands, and these are assured for a large portion of the coming year.

The regular quarterly dividend of 2½ per cent. was declared this week, for the quarter ending Dec. 31, payable Jan. 2, to holders of record Dec. 22.

BROMPTON

The authoritative statement that THE FINANCIAL POST is able to make this week that the present dividend rate of 5 per cent. on the common stock of the Brompton Pulp & Paper Company will be maintained all next year, will relieve a considerable amount of anxiety that had arisen as a result of the rapid drop in the price of the stock on the exchange just before the establishment of the minimum priecs. For a time it looked as if there were an unusual unloading of the security going on, and there was no explanation available. Several times THE FINANCIAL POST has stated that the earnings of the company left no reason for any fears of a cutting down in the dividend, and this official statement this week should reassure any who still had misgivings on the subject. There were a few sales this week at one-half point above the minimum of 89, which with the present dead and tied condition of the market is very significant.

The quarterly report of Brompton for the three months ending Oct. 31 gives the production as 3,897 tons of newsprint, 1,567 tons of kraft, 2,227 tons of board, 6,308 tons of sulphate, and 13,913 tons of ground-wood, while the sawmill turned out 1,744,000 feet of lumber.

PORT ARTHUR PULP

It was announced on Wednesday that the Ontario Government had accepted the tender of the Port Arthur Pulp & Paper Company for timber in the township of Sibley, district of Thunder Bay. The prices offered were: Pine, $7.50 per 1,000 ft.; spruce pulpwood, $1.10 per cord; balsam and poplar, 90 cts. per cord. The company is already operating in these limits and has a force of 125 men under C. A. Gardner, woods superintendent, getting out wood at Sucker Creek, thirty miles east of Port Arthur.

C. A. Pounsford, general manager, who was in the city last week, states that owing to delays in getting steam piping and other equipment, the mill will not be ready for operation for some weeks yet. However, it is hoped to get it under way early in the new year.

ABITIBI

The mill of the Abitibi Power and Paper Co., at Iroquois Falls, is in full operation and is establishing new high records in point of production. Tuesday, Nov. 27, struck the highest point yet touched, 243.38, tons being produced. This represents an average operating efficiency of 97.7 per cent. and a production of about 735 pounds per inch of trim.

SPRUCE FALLS PULP

On Wednesday the Ontario Government accepted the tender of Mundy & Stewart, Toronto, for the Kapuskasing River pulp and timber limit, which was advertised for sale several weeks ago. The purchasers were acting for the Spruce Falls Pulp & Paper Company, a corporation with an authorized capital of $3,500,000, organized during the past fall. According to the agreement enterd into with the Crown, Mundy & Stewart must erect within the limits of the territory covered by the right to cut pulpwood, or at some other place approved by the Lieutenant-Governor in Council, a pulp mill costing, with the equipment thereof, and machinery contained therein, not less than one million dollars, and must operate the same so that the daily output thereof shall not be less than one hundred tons of pulp, and so that at least two hundred hands on an average shall be kept employed in connection therewith for at least ten months of each and every year.

Spruce Falls are located near the point where the National Transcontinental Railway crosses the Kapuskasing River and not far from the returned soldiers' settlement at Kapuskasing. The new enterprise, which will be proceeded with, as soon as the snow is off the ground, will, therefore, be the means of establishing a market for the produce the soldiers will raise and give them employment when things are quiet on the farm.

It is estimated that the Province will receive an additional revenue of $4,500,000 or $5,000,000 as a result of the agreement just concluded, in connection with the Kapuskasing scheme.

S. A. Mundy, Bradford, Penn., is president of the Spruce Falls Pulp & Paper Co.; C. Willard, Allegheny, N.Y., and E. Stewart, Toronto, are vice-presidents and it is stated that they have ample capital behind them.

TORONTO PAPER

The declaration of a 3 per cent. dividend for the second half of the year, together with a bonus of 2 per cent., brings total payments to shareholders of Toronto Paper for 1917 up to 10 per cent. There was a similar dividend and bonus paid for the first half of the year. The present disbursement will be made on January 2 to shareholders of record December 22.

The new storage building, which has been erected by the Toronto Paper Mfg. Co., at Cornwall, for housing raw stock is completed and now in use. The structure is three stories high and built of reinforced concrete and brick. Excavation has been undertaken for putting up an addition to the finishing room. Actual construction work will begin in the spring on the extension.

SPANISH RIVER

A large addition has been completed to the ground-wood building of the Spanish River Pulp & Paper Mills at Espanola. Some ten new grinders are being added and several new wet machines. When installed the new equipment will increase the output of mechanical pulp by nearly fifty per cent. The new store, which has been built by the company at Espanola, was completed last week and is one of the finest and best appointed mercantile establishments to be found anywhere in Canada. The structure is equipped with every facility and convenience and is finished very attractively.

RIORDON

The addition of a representative of the Ticonderoga Pulp & Paper Co. to the board of directors of the Riordon Pulp & Paper Co. serves to emphasize the importance to the earning powers of the company of its control of the Ticonderoga plant. Besides pulp this company turns out a high grade book paper, and its phenomenal earnings were illustrated by the double bonus that was declared this year. THE FINANCIAL POST is informed that the advance orders for book paper received by this company the last few weeks show a considerable improvement over those of several months past. The Ticonderoga interests will become a very valuable asset of the Riordon Pulp & Paper Co. There were no sales of stock this week.

TRANSPORTATION

Canadian Railroads Still Await Action With Regard to Rate Increase

Several articles in this week's issue of THE FINANCIAL POST have a direct bearing upon the transportation situation in the United States—a situation which is not only of grave concern to the holders of railroad securities, but also to national and general business in both countries. Embargoes regulating the shipment of coal and raw materials are the outstanding feature of the situation and are a reflection of the conditions which have prevailed for some time under which, owing to insufficient traffic charges, the carriers have not been able to maintain their equipment on a basis to warrant efficient service, nor show returns to encourage the investment of capital. While prices of practically all commodities and labor have been advancing at rapid rates, the railroads, like other public service corporations, have not been able to increase their charges for the commodity—service—which they market.

The situation has now become so grave that in the United States it is realized that the time has passed when the granting of the request of the railroads for increased rates will save the situation. Such an increase might place earnings on a reasonable basis, but there is still the problem of raising sufficient capital to secure the equipment now so badly required. To do this the national funds will no doubt be put to some use, but the machinery of governmental business at Washington is working very slowly, and there are many delays in getting the various interests into alignment on a policy satisfactory to all.

Under the circumstances it is hard to understand the policy of the Dominion Railway Commission in delaying increases in rates in Canada. It must be obvious that the conditions in Canada are similar to those in the United States, and that a breakdown of the whole transportation system is the logical outcome of the starvation policy now being followed. With such treatment as is being accorded to the interests of the investors whose money is behind the roads, it cannot be expected that they will invest further capital, and if the systems are not allowed to make profits to enable them to keep their equipment in a state of efficiency, then it will be up to the Government to supply additional capital or see the country suffer. It is hard to believe that the Government under existing conditions cares to face any such financial programme as would appear to be entailed in maintaining the roads or in taking them over.

Gross earnings continue on a high basis as indicated by the following figures:

	Week ending Dec. 7			
	1917	1916	Change	%
C.P.R.	$3,289,000	$3,139,000	+$150,000	4.7
C.N.R.	916,000	917,900	— —1,900	0.2
G.T.R.	1,218,138	1,151,306	+ 66,832	5.8
	$5,423,138	$5,208,206	+$214,932	4.1

CANADIAN PACIFIC

Gross earnings of the Canadian Pacific Railway Company for the week ending December 14 amounted to $2,908,000, compared with $3,106,000 for the corresponding period in 1916, a decrease of $198,000, or 6.4 per cent. As compared with the figures for the previous week there is a falling off of $381,000.

Canadian Pacific continues as an indication of the depressed state of the securities market. Sales this week have been of small volume on the Canadian exchanges and the price has shown little change. The range has been 128¼ to 129 as compared with the low point of the movement last week at 127¾.

GRAND TRUNK

For the second week in December the gross earnings of the Grand Trunk Railway System amounted to $1,040,349, compared with $1,218,138 for the previous week and $1,203,868 for the corresponding period in 1916. The decline over the figures for 1916 is $163,519, or 13.6 per cent. The earnings are the lowest reported for any week in the new fiscal year, which commenced July 1, and in addition are the smallest since February.

A cable from London announced the over-subscription of the issue of £1,000,000, 3-year 6 per cent. notes of the Grand Trunk Railway Company. These notes were issued at 98½ and were to replace an issue of a similar amount falling due in January. The success of the issue is highly satisfactory to the company and to financial circles in Canada.

The Grand Trunk Pacific Railway Company reports gross earnings for the last nine-day period in November amounting to £50,771, against £56,761 for the corresponding period in 1916, a decline of £5,990. From July 1 to date the earnings total £641,496, an increase of £170,212.

CANADIAN NORTHERN

The Canadian Northern Railway Company reports gross earnings for the second week in December amounting to $753,800, compared with $892,600 for the corresponding period in 1916, and $916,000 for the preceding week. The decrease from the figures for 1916 is $138,000 or 15.5%. From July 1 to date the earnings amounted to $20,253,400 against $19,956,600, an increase of $296,800.

MINING STOCKS

Trading Again Reduced, With Movement of Prices Occurring Within Narrow Limits.

With average daily sales for the week on the Standard Exchange of only 45,666 shares, there has been another reduction in the volume of business. During the previous week the average stood at 50,615 shares. This week it was down to 45,666 shares. Naturally with such limited trading it has been difficult to create a market for any stocks and the fact that prices have held their own and have even, in some cases, advanced slightly is proof that basic conditions are sound. The record of business for the week is as follows:

	Transac. in Shares	Bar Silver Per Oz.
Friday, Dec. 14...	32,505	86⅛c
Saturday, Dec. 15.	28,325	85⅞c
Monday, Dec. 17..	39,682	85⅝c
Tuesday, Dec. 18.	55,953	85⅝c
Wednesday, Dec. 19	59,470	85⅝c
Thursday, Dec. 20	58,065	85⅝c

There were no price changes in the important mining stocks. In the early part of the week there was a

Continued on page 4.

THE CANADIAN BANK OF COMMERCE

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SIR JOHN AIRD, General Manager
H. V. F. JONES, Ass't. Gen'l. Manager

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HEAD OFFICE - TORONTO

Sir Edmund B. Osler, President
W. D. Matthews, Vice-President
C. A. BOGERT, General Manager

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Chartered by Act of the Dominion Parliament.

HEAD OFFICE, - WEYBURN, SASK.

NINETEEN BRANCHES IN SASKATCHEWAN.

DIRECTORS:—Alex. Simpson, Pres., Minneapolis, Minn.; Jos Mergens, Vice-Pres., Weyburn, Sask.; J. A. McBride, Weyburn Sask.; Frank Moffet, Weyburn, Sask.; H. N. Morphy, Weyburn, Sask.; S. E. Oscarson, White Rock, S.D.; N. D. McKinnon, Weyburn, Sask.; H. O. Powell, Gen. Mgr., Weyburn, Sask.

A General Banking and Foreign Exchange Business Transacted

UNION BANK OF CANADA

Established 1865

HEAD OFFICE - WINNIPEG

Paid-Up Capital ....$ 5,000,000
Reserve 3,400,000
Total Assets ....over $135,000,000

John Galt ....President
H. B. Shaw .... General Manager
J. W. Hamilton...Assistant General Manager

This Bank, having over 305 Branches in Canada extending from Halifax to Prince Rupert, offers excellent facilities for the transaction of every description of banking business.

Travellers' Cheques and Letters of Credit issued payable all over the world.

Collections made in all parts of the Dominion, and returns promptly remitted at lowest rates of exchange.

Attention is particularly drawn to the advantages offered by the Foreign Exchange Department of our London (England), New York and Montreal Offices, and Merchants and Manufacturers are invited to avail themselves of the Commercial Information Bureaus established at these Branches. New York Agency, 49 Wall St., New York City. Geo. Wilson, Agent.

CORRESPONDENCE SOLICITED.

ESTABLISHED 1875

IMPERIAL BANK OF CANADA

CAPITAL PAID UP $7,000,000 RESERVE FUND $7,000,000
PELEG HOWLAND, PRESIDENT E. HAY, GENERAL MANAGER

HEAD OFFICE: TORONTO

GOVERNMENT, MUNICIPAL and other HIGH-CLASS SECURITIES BOUGHT and SOLD

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THE MANAGER, BOND DEPARTMENT
Toronto

63

FORTY-EIGHTH ANNUAL STATEMENT
of
The Royal Bank of Canada

GENERAL STATEMENT

30TH NOVEMBER 1917

LIABILITIES

TO THE PUBLIC:		
Deposits not bearing interest	$ 70,498,667.26	
Deposits bearing interest, including interest accrued to date of statement	182,488,715.55	
		$252,987,382.81
Notes of the Bank in Circulation		28,159,351.49
Balance due to Dominion Government		14,582,659.38
Balances due to other Banks in Canada	$ 364,787.53	
Balances due to Banks and Banking Correspondents in the United Kingdom and foreign countries	5,801,808.96	
		6,166,596.49
Bills Payable		297,494.63
Acceptances under Letters of Credit		5,510,310.96
		$307,703,795.76
TO THE SHAREHOLDERS:		
Capital Stock Paid in		12,911,700.00
Reserve Fund	$ 14,000,000.00	
Balance of Profits carried forward	564,264.53	
		14,564,264.53
Dividend No. 121 (at 12 per cent. per annum), payable December 1st, 1917	$ 387,351.00	
Dividends Unclaimed	7,075.23	
		394,426.23
		$335,574,186.52

ASSETS

Current Coin	$ 16,079,830.91	
Dominion Notes	18,284,444.75	
	$ 34,364,275.66	
Deposit in the Central Gold Reserves	16,000,000.00	
Deposit with the Minister for the purposes of the Circulation Fund	645,585.00	
Notes of other Banks	5,308,203.91	
Cheques on other Banks	15,283,364.45	
Balances due by other Banks in Canada	229,868.41	
Balances due by Banks and Banking Correspondents elsewhere than in Canada	10,704,338.84	
Dominion and Provincial Government Securities, not exceeding market value	22,322,197.31	
Canadian Municipal Securities and British, Foreign and Colonial Public Securities other than Canadian, not exceeding market value	21,586,545.77	
Railway and other Bonds, Debentures and Stocks, not exceeding market value	12,777,503.85	
Call Loans in Canada, on Bonds, Debentures and Stocks	12,040,687.27	
Call and Short (not exceeding thirty days) Loans elsewhere than in Canada	14,574,136.32	
		$165,836,706.79
Other Current Loans and Discounts in Canada (less rebate of interest)	$102,358,027.10	
Other Current Loans and Discounts elsewhere than in Canada (less rebate of interest)	53,764,037.92	
Overdue Debts (estimated loss provided for)	490,064.82	
		156,612,129.84
Real Estate other than Bank Premises		1,114,552.61
Bank Premises, at not more than cost, less amounts written off		6,371,329.36
Liabilities of Customers under Letters of Credit, as per contra		5,510,310.96
Other Assets not included in the foregoing		129,156.96
		$335,574,186.52

H. S. HOLT,
President.

EDSON L. PEASE,
Managing Director.

C. E. NEILL,
General Manager.

AUDITORS' CERTIFICATE

WE REPORT TO THE SHAREHOLDERS OF THE ROYAL BANK OF CANADA:

That in our opinion the transactions of the Bank which have come under our notice have been within the powers of the Bank.

That we have checked the cash and verified the securities of the Bank at the Chief Office at 30th November, 1917, as well as at another time, as required by Section 56 of the Bank Act, and that we found they agreed with the entries in the books in regard thereto. We also during the year checked the cash and verified the securities at the principal branches.

That the above Balance Sheet has been compared by us with the books at the Chief Office and with the certified returns from the Branches, and in our opinion is properly drawn up so as to exhibit a true and correct view of the state of the Bank's affairs according to the best of our information and the explanations given to us and as shown by the books of the Bank.

That we have obtained all the information and explanations required by us.

JAMES MARWICK, C.A.,
S. ROGER MITCHELL, C.A., } Auditors,
of Marwick, Mitchell, Peat and Co.

Montreal, Canada, 18th December, 1917.

PROFIT AND LOSS ACCOUNT

Balance of Profit and Loss Account, 30th November, 1916	$ 852,346.28	
Profits for the year, after deducting charges of management and all other expenses, accrued interest on deposits, full provision for all bad and doubtful debts and rebate of interest on unmatured bills	2,327,979.51	
		$ 3,180,325.79
APPROPRIATED AS FOLLOWS:—		
Dividends Nos. 118, 119, 120 and 121, at 12 per cent. per annum	$ 1,549,404.00	
Transferred to Officers' Pension Fund	100,000.00	
Written off Bank Premises Account	250,000.00	
War Tax on Bank Note Circulation	128,357.26	
Contribution to Patriotic Fund	60,000.00	
Transferred to Reserve Fund	528,300.00	
Balance of Profit and Loss carried forward	564,264.53	
		$ 3,180,325.79

RESERVE FUND

Balance at Credit 30th November, 1916	$ 12,560,000.00	
Premium on New Capital Stock issued to Quebec Bank Shareholders	911,700.00	
Transferred from Profit and Loss Account	528,300.00	
Balance at Credit 30th November, 1917		$ 14,000,000.00

H. S. HOLT,
President.

EDSON L. PEASE,
Managing Director.

C. E. NEILL,
General Manager.

Montreal, 18th December, 1917.

AUTOS FOR WAR

Supply of Mules so Reduced Army Will Have to Depend on Motors

It is figured by automobile company executives that the United States must rely more largely upon motor transportation in the war than have any of the allies for the reason that the latter's three years' demands have largely exhausted the supply of mules, at the same time boosting the price of mule flesh to an abnormal level.

The estimate has been that the Government would require 400,000 horses and mules and that when hostilities were launched in a big way monthly replacements should be at least 10 per cent., or 40,000 animals. Unless the Government resorts to passenger cars and trucks the problem of replacements is likely to be acute.

From all indications the War Department is aware of this fact and is doing its utmost to expedite truck production. The Liberty truck is a success, but it is now believed in Washington that the desired quantity production cannot be attained soon enough. Consequently a tremendous truck order is likely to be awarded in the near future in whole or possibly in part to the big motor companies, with the chances at the moment favoring Ford and Maxwell getting the lion's share of the business. The new Maxwell one-ton proposition is highly regarded by Government authorities.

NEWS OF SECURITIES

Continued from page 8

slight hardening but later such gains as were made were lost and at the close on Thursday the level was about the same as the week before. Such changes as have occurred are as follows:

	Close Dec. 13	Close Dec. 20	Change
Adanac	.10	.10	....
Beaver	.27	.27	....
Dome	6.80	6.80	....
Dome Ex.	.09½	.09½	....
Hargraves	.08¾	.08¾	....
Hollinger	4.85	4.95	+ .10
McIntyre	1.38	1.37	— .01
Nipissing	8.30	8.35	+ .05
Vipond	.20	.20	....
Timiskaming	.27½	.27½	....
Newray	.39	.40½	+.01½
West Dome	.14	.12½	—.01½

Shipments of ore from the Cobalt camp last week were smaller than usual owing to the difficulty of handling the ore in the extremely cold weather recently prevailing. The total was 583,477 from five mines and was divided as follows:

Shipper	Cars	Pounds
Dominion Reduction	2	176.000
Buffalo	2	153.000
Aladdin	1	87.000
McKinley-Darragh	1	85,333
La Rose	1	82,144
Totals	7	583,477

In a review of the Canadian mining industry during 1917, the Canadian Bank of Commerce in its December circular letter, has the following to say:

"Although the mines have supplied their full quota of men for service at the front the output up to the present shows no serious sign of contraction. Upon the basis of official returns the Minister of Mines in British Columbia states that this year the mineral production of the province will more than equal in volume the exceptional results of last year, which were valued at $40,191,744. Labor troubles, however, seriously interfered with operations at one of the chief custom smelters during last month, but it is hoped that this prophecy will still be realized.

"In Ontario, mine operators continue to have difficulty in obtaining sufficient skilled labor to work their properties economically. During the first nine months of the present year the value of metal and metal ores produced, exclusive of iron ore and lead, is $41,634,000, as compared with $39,527,000 for the same period in 1916. The volume of silver produced declined from 16,203,091 ounces to 15,236,002 ounces, but owing to the increase in the price the value rose from $9,750,000 to $12,001,875. The arrangement between the Governments of Great Britain and of the United States for controlling the output of the silver mines within the territory under their jurisdiction is favorably regarded by responsible mine owners as a stabilizing factor in the market. The decline of 20,000 ounces in the production of gold during the period in question is due almost entirely to labor conditions. The new properties which are now being systematically explored give promise of satisfactory results as soon as conditions conduce to economy of operation. For national reasons attention has been given to the production of metals which are in demand for special purposes, among which may be classed molybdenite and cobalt, and these have added substantially to the value of Canada's mineral production.

"Ontario and British Columbia are the chief mining provinces, the former producing 45.32 per cent. and the latter 22.66 per cent. of the mineral output of the Dominion in 1916."

CONSOLIDATED SMELTERS

The International Union of Mine, Mill and Smelter Men, having declared the Consolidated Mining & Smelting Co., fair; the company has announced that it is ready to resume operations whenever the men are ready to go back to work. Officials of the union have declared that the strike was illegal, an agreement with the company having been broken.

DOME MINES

With respect to Dome Mines stock, F. C. Sutherland & Co. say that for the investor who is willing to wait, the stock is an excellent buy.

"High operating costs, due to war conditions, have made it expedient for the directors to close down the mill for the time being, but the management announce that it is their purpose to reopen the mill early next summer, when they will have broken down some 400,000 tons of ore blocked out at the 600-foot level, and which will yield a substantial profit even at the present high cost of operations. The developments at the 700 and 800-foot levels are officially stated to be of a very satisfactory nature. After next midsummer, therefore, the stock should gain ground steadily. Ultimately there is a big profit in Dome stock."

DAVIDSON

In their market letter this week, F. C. Sutherland & Co. state that the last parts of the mill equipment have arrived at the property, and that it is expected to have the mill treating ore within a few weeks. "This means that the company will be on a self-supporting basis, thenceforward, that it will pay expenses, provide funds for aggressive development, and be able to lay by a cash surplus from month to month. The mine has a large dump ready for the mill. This comprises some $80,000 worth of ore of good milling grade, according to a conservative estimate of Mr. Henderson. In addition the company has blocked out under ground sufficient commercial ore to maintain the mill at capacity for about two years—this exclusive of large bodies of indicated ore."

KERR LAKE

During 1916 Kerr Lake produced 2,535,724 ounces of silver, and for eleven months of 1917 production was 2,396,297 ounces. December production would therefore only have to amount to 139,427 ounces to bring the 1917 total up to that of 1916. However, it is highly probable that this amount will be exceeded by upwards of 70,000 ounces, which will establish a new record for this mine. Developments underground continue to be of an exceedingly favorable nature.

HARGRAVES

A statement covering recent developments at the Hargraves mine was issued during the week by Manager Shaw. "At the present time," he states, "we are employing 25 men and working three machines, one piston drill and two stoppers. On the 255-ft. level we have raised 50 feet on the north end of Kerr Lake No. 3 vein, and have had fairly consistent values of around 1,000 ozs. all the way up the north side of the raise, but will not be able to say whether ore shoot amounts to much until we have drifted from the top of the raise, but it looks as if we should open up some nice ore. On the 375-ft. level we are stoping out a small ore shoot, but as the pillar is small we cannot expect much ore at this point. The piston drill is drifting on the south end of the Kerr Lake No. 3 vein and should we encounter any ore it would be very important, as this is all virgin ground. Expect to make a shipment of high-grade ore before the end of the year, and our production since the reopening of the mine is 80,000 ozs., including milling ore and high-grade ore shipped."

McINTYRE

An extensive diamond drilling campaign is in progress on this property, and at a depth of more than a quarter of a mile the main ore body has been determined to be higher in grade and of an equal width to the development on the 1,000-foot level, where the high-grade milling ore covers a width of over 50 feet.

HOLLINGER

It is calculated that the ore reserves of Hollinger Consolidated will reach the huge total of $40,000,000 by the end of December. This, it is stated, is a larger reserve than that of any other gold mine in the world.

McKINLEY-DARRAGH

The oil flotation mill at the McKinley-Darragh mine has been shut down for the winter owing to the difficulty being encountered in recovering tailings from the bed of Cobalt Lake on account of the cold weather. As soon as spring loosens things up operations will be resumed. Meanwhile the remainder of the plant will continue to operate on ore from the mine, production of which is being maintained at a high level.

TEMISKAMING

The chief interest of an otherwise featureless week has centred in the so-called Temiskaming fight, which will culminate in next Friday's special meeting of shareholders. The same interests which have been fighting the present management of Temiskaming for the past year are again attacking and thus far are endeavoring to prevent the consummation of the deal under which the Temiskaming becomes a partner of Beaver Consolidated in the ownership of the Kirkland Lake Gold Mines. The directors of Temiskaming have been twice confirmed in their position that the Temiskaming mine is nearing exhaustion. Now, they are attempting for a second time to extend the life of the company by acquiring an interest in a new and practically proved gold property. Their policy is sound and has received the hearty endorsation of experienced mining men. THE FINANCIAL POST has previously expressed its confidence in the men who are managing the Temiskaming and Beaver, and believes that they are acting along sane, business-like lines and in the best interests of shareholders. It is sincerely to be hoped that those who have been endeavoring to thwart their purpose will have a change of heart before the meeting and will come to see that the future welfare of the company depends on generous support of a sincere effort to rejuvenate its affairs.

PUBLIC UTILITIES

Increasing Demand for Power Is Heavy Drain Upon Producers—Eliminating Jitneys

The week has seen no material change in the situation as regards the public utilities. The depression continues and there is little indication of relief for many of the companies serving the people for a return which is not commensurate with the cost of production. So far as the power producers are concerned the demands continue to increase to such an extent that they can be met only with great difficulty while conditions are so unsettled and capital so hard to obtain that developments cannot be planned with any degree of certainty.

The street railway companies are facing many difficulties and the question of fares is of vital importance. Whether others will follow the example of Detroit and endeavor to make an increase remains to be seen but it is evident that any such action in the majority of Canadian cities would be met with a howl of public protest. The outlook is not bright but one favorable development recently has been the decision of the city of Vancouver to adopt the recommendations of Dr. Adam Shortt and legislate the jitneys out of existence as a factor in the city transportation service. This, following somewhat similar action in Winnipeg, has practically eliminated the jitneys as a factor in public service in Canada.

B. C. ELECTRIC

As the time for the expiration of the agreement between the B.C. Electric Ry. and the District of North Vancouver draws near, negotiations are now in progress looking toward a continuance of the lighting and power arrangements as at present being carried out by the Vancouver Power Company, a subsidiary of the railway. An agreement was entered into in 1905 whereby, at the expiration of a ten-year term, the district would have the right to purchase the light and power system at a figure to be decided upon. The railway now points out that, in contrast to popular opinion on the North Shore, there is nothing in the agreement whereby the company is obliged to sell its interests. It further points out that the transportation system is being operated at a loss, which is partially made up by the revenue from light and power. The suggestion is made also that if the district persisted in its determination, the company would be obliged to curtail considerably the tram system as at present operated.

The railway, in an offer made to the Council, agrees to maintain the present service of cars provided the district agrees to defer its right to acquire the light and power systems until August, 1925, the next date on which a purchase could legally be made. The company would also undertake to carry out the terms of the recommendations in Dr. Shortt's report that the rate for light and power be reduced from eight to four cents as from January 1 next, from seven and a half cents to four cents as from January 1, 1919, and from seven to four cents as from January 1, 1920. It also offers to abolish the fifteen cents per month charge for meter rent, and agrees to install settler's rates between the North Shore and the city limits of Vancouver.

Amendments to the city by-laws, which have been adopted in accordance with the report of Commissioner Adam Shortt after his inquiry into the situation, are expected to legislate the jitneys out of existence both in Vancouver itself and in the suburban districts surrounding the city. The legislation takes effect on April 1st next. Dr. Shortt's report indicated the injustice of allowing the jitneys to compete with the tramways system on the profitable short runs while the railway company had to maintain unprofitable service in the outlying territory.

DETROIT UNITED

That sword of Damocles, in the form of a fine of $10,000 a day, that seemed a week or so ago to be hanging over the head of the Detroit United Railway and liable to fall at the whim of a municipal council that was on the eve of civic elections, has been removed by the later good sense of the civic representatives, aided, perhaps, by legal persuasion from their own solicitor. In any event there will be no fine as a result of the raising of the fares to a five-cent basis; on the contrary, it has been decided to leave the question as to whether the company was justified in its action, to three street railway experts. These have been chosen to investigate, and the company will willingly open its books to them. It probably will be several months before the report is received and in any case the company, THE FINANCIAL POST is informed, feels quite confident that the recommendations of these experts will be in support of the recent change in fares. In the meantime the public generally appear to be taking the extra "cost of living" very philosophically, and the company is now in a position to exchange the falling net earnings for those that will reflect more fairly the growth in the system, and the coming revival of the city through the establishment of a number of large industries. From now on the increased fares may be left to take care of all increases in the operating expenses, and re-establish the favorable financial conditions of last year, and even to improve on them, in proportion, at least, to the growth of the business of the system.

The annual meeting of the Detroit United Railway will be held in Detroit, on Wednesday, Feb. 5, 1918, at 11 a.m.

TWIN CITY

President Wilson has taken a hand in the labor situation as concerns the Twin City Rapid Transit company's affairs. Frank Morrison, secretary of the American Federation of Labor, at the instance of Mr. Wilson, has telegraphed from Washington calling off the impending strike of 30,000 employees of the company and ordering the men to remain at work in the meantime. The company's stock sold this week at 63-63¼ on small business.

BARCELONA

Barcelona Traction showed a continuation throughout the week of the somewhat better tone indicated in last report. Several hundred shares changed hands with the majority of the transactions at 9, although 9¼ was the figure in some instances. Late quotations were 9 asked and 8¾ bid, indicating a slightly easier feeling again.

BRAZILIAN TRACTION

Trading in Brazilian Traction was again small in volume but somewhat more active than last week. Several hundred shares changed hands at the minimum price of 32.

TORONTO RAILWAY

Shareholders of Toronto Railway will be interested in the statement in this issue regarding the earnings of the company to be reported to the annual meeting. The figures will show better profits than in 1916. This, in spite of the fact that the showing from the tramways system itself will not be so good, indicates that profits from the subsidiary power companies have shown a substantial increase over last year. The company is taking no active interest in the forthcoming voting on the city by-law regarding the taking over of the Toronto system on the expiration of the franchise in 1921; the issue is being left with the citizens so far as the management is concerned. Sales of stock during the week have been practically nil with the minimum price marked down from 60 to 58 on the payment of the usual quarterly dividend.

Light and Power

ALABAMA POWER

The figures of earnings of the Alabama Power Company, a subsidiary of the Alabama Traction, Light & Power Co., continue to show heavy increases in gross earnings, and what is much more favorable in these days when wages and other operating costs are difficult to control the net earnings are keeping ahead of last year. For the month of October the gross earnings were $198,441, an increase of $61,347 over October, 1916, or 45 per cent. The operating expenses increased from $46,148 to $85,423, but the net earnings were still ahead by $22,072.

For the 12 months ending October 31 the gross earnings were $2,014,258 compared with $1,416,803 for last year, an increase of $597,955 or 42%. The operating expenses and taxes rose from $524,560 to $761,175, or 45%, only 3 per cent. more of an increase. The net earnings from $891,743 to $1,253,083, or 40 per cent.

While many companies are showing decreases in net earnings as the year advances, this company is holding its own fairly well. For the year ending July 31 last the gross was 41 per cent. ahead, and the net 50%, so that overhead expenses are making little headway in the face of the rapid growth in earnings.

SHAWINIGAN

The forecast of gross and net earnings of the Shawinigan Water & Power Co. should be reassuring, indicating as they do an increase in the former of over [illegible]00,000, and in the latter of over $106,000. The note issue referred to elsewhere, for a two-year period may be disposed of in large part, by an exchange for the new block of stock that was authorized last month. While expenditures now are very heavy for development work the directors are confident that there will be a rich return in a few years.

WEST KOOTENAY

A dividend of 2 per cent. has been declared by the West Kootenay Power & Light Co., in place of a yearly rate of 5 per cent. which would indicate an increase to 8 per cent. per annum. As the majority of the stock is held by the Consolidated Mining & Smelting Co. this would imply a more favorable condition not only in the dividend, but the net earnings.

CIVIC INVESTMENT

As was expected the month of November showed increased earnings for the Civic Investment & Industrial Company over October, the net earnings comparing as $520,863 with $495,116. The surplus available for dividends now amounts to $437,974. For November the proportion required for the 4% dividend would be $213,042, so that a surplus of $224,932 is left, or double the total required. The net earnings for the seven months of the fiscal year ending Nov. 30 amounted to $3,443,573, with a surplus of $2,551,659.

There have been a few sales this week at the fixed price of 68½.

CONSUMERS' GAS

A new series of shares of Consumers' Gas, 9,574 in number, with a par value of $478,700 were listed during the week.

The shares in this company possess a par value of $50. The shares in question were allotted to shareholders last May at a premium of 50 per cent., the amount realized amounting to $718,050. The payment, at the rate of $75 for each share is on the instalment basis, and to date $30 per share on the instalment plan has been paid. However, a large number of shareholders took advantage of the right to prepay in full for their allotments. The remaining $45 per share falls due in instalments on Feb. 15th, May 15th and Aug. 15th, of 1918.

The stock was not active during the week but one sale at 150½ indicated a slight improvement over the last previous and compared with the new minimum of 144½, being a readjustment from 147 on the basis of the 2½ per cent. dividend payment.

OTHER STOCKS

General *Condition* of Lethargy Prevails With Trading on a Very Narrow Basis.

Throughout the miscellaneous list of stocks there have been few bright spots develop during the week. For the most part the general state of lethargy which has prevailed for some weeks has continued and there is little evidence that the curtain is to lift in the near future. Opinion continues that securities are cheap at their present prices for the investor who is prepared to hold for the inevitable readjustment but from the standpoint of speculation there is little to attract as the bottom of the downward movement is deferred from week to week. The different courses being followed by the Montreal and Toronto exchanges as regards the maintenance of the minimum prices where dividends are declared is of considerable interest and may have a rather important bearing upon trading between the two exchanges if a common ground is not established. In Toronto reductions are being made to the extent of dividends paid while in Montreal the established minimums are being adhered to. Thus as earnings accumulate there will in effect be a reduction of the minimums on the Toronto list to the extent of the payment.

B. C. PACKERS

Developments in connection with the enquiry to be conducted into the conditions surrounding the salmon industry in the Fraser River district on the Pacific Coast will be watched with interest by the shareholders of B.C. Packers. New regulations, such as are expected to result from international consideration of the various problems, are likely to have some effect upon the operations of early years but should eventually benefit the whole salmon industry by insuring the conservation of the sockeye species. The company's securities continue as a dead issue on the market with a minimum of 38 in Toronto and 40 in Montreal.

F. N. BURT

There has been no trading in the stocks of F. N. Burt for some weeks. Reports indicate that the company's annual statement will show the best year in the concern's history so far as net earnings are concerned. However, it may be that profits will be reduced below the record point by deductions for war taxes. The common stock has gone ex-dividend 1½ per cent. and the preferred 1¾ per cent., with the result that the minimums have been marked down to this extent and are now 83½ for the common and 84¼ for the preferred.

CANADA CEMENT

Canada Cement common continues to sell at the minimum price of 57. The company brings its financial year to a close on December 31, and F. P. Jones, the general manager, is authority for the statement that the report for the twelve months will be very encouraging to the shareholders. There are sufficient munition orders on the books to keep the plants busy until next May. The company recently was the recipient of a good-sized order for 6-inch shells. The demand for cement has been quite active, but at the moment is rather dull. This is of no significance, however, as it is usual at this time of year for the demand to fall off.

CITY DAIRY

W. J. Northgrave, managing director of City Dairy, reports no important change in the company's affairs during the week. No further action has been taken by the Food Controller as to regulation of profits and, as previously explained, officials of the company are of the opinion that interference is not warranted by the conditions prevailing in Toronto. There have been no sales of the company's securities during the week.

CANADIAN GENERAL ELECTRIC

After being out of the trading for about a week Canadian General Electric again received some attention in the late sessions after the minimum had been marked down 2 points to 99½ on the payment of the dividend of that amount. A few shares changed hands at the new minimum indicated. Reports as to the company's activities continue to be generally satisfactory and any readjustment in price is undoubtedly a reflection of market conditions.

CANADA BREAD

Trading in Canada Bread has petered out during the present week after the activity which accompanied the declaration of a dividend of 2 per cent. Last sales were at 18½ as compared with a high of 20 for the movement. The stock is now ex-dividend 2 per cent. and 18 is being asked without bids.

DOMINION CANNERS

The stock of the Dominion Canners remains inactive despite the approach of the annual meeting, and the generally accepted belief that the company will be able to show a margin of profit. The company has had exceptionally hard conditions to face during the past year, the most serious being the actual scarcity of packable products. The tin scarcity was also a serious factor. This latter item promises to be still more prominently to the fore in the coming year, the scarcity of tin plate becoming more pronounced with every passing month.

DOMINION GLASS

While few figures were made public in connection with the annual meeting of the Dominion Glass Company this week, and no detailed report was presented to the shareholders, THE FINANCIAL POST was informed that the earnings of last year, $454,328, were increased to a little over $487,000. Out of this $50,000 goes to sinking fund; $182,000 to preferred dividends; 7 per cent. on $2,600,000; and $115,000 for bond interest. The surplus has risen to $725,000. The net earnings in 1915 were $353,387; and in 1914, $625,740. The general depression in business affected the company's profits in 1915 and partly in 1916, but this year there was a considerable improvement and the company had as much business as it could handle. It is unlikely that the common will pay anything until conditions are more stable.

LYALL CONSTRUCTION

Whatever doubt there was as to P. Lyall & Sons Construction Co. being able or willing to maintain the dividend of 8 per cent. established three months ago was removed this week when the second payment of 2 per cent. for the quarter was declared payable Jan. 10, for holders of record Dec. 24. This action will tend to strengthen confidence in the stock among those who, judging merely by the ordinary conditions in the contracting world, did not appreciate the volume of business and absolutely assured profits that were involved on the two chief "jobs" that are being carried out by Lyalls, the Parliament Buildings at Ottawa, and the Union Station at Toronto. Nor is sufficient credit for net earnings given to the heavy contracts for shells that the company has on hand, and on which, with the unusual efficiency that it is agreed has been employed, substantial net profits will be obtained.

IMPERIAL OIL

The Imperial Oil Company sent notices to shareholders announcing that the company has decided to make a new issue of 50,000 shares of the unissued capital stock of the company, which will be issued at par, $100. Shareholders have the right to subscribe to the new stock pro-rata for one share to every five shares now owned. No fractional shares will be issued in respect of any number of shares less than five now owned. Subscription is to be made on or before the 27th instant.

While it is difficult to obtain a definite market basis for Imperial Oil stock, it may be pointed out that sales have taken place around $400 per share. Under the recent readjustment the level has been probably brought down to around $350. It will thus be seen that the distribution means a real melon for shareholders.

The last published figures in connection with Imperial Oil showed $23,789,400 issued, of a total authorized issue of $50,000,000 capital stock. The issued capital will now rise to about $30,000,000.

In connection with Imperial Oil, the report was revived in Wall Street the other day that Standard Oil of New Jersey is contemplating a distribution of its holdings of Imperial among its own shareholders. Standard of New Jersey has been credited with owning as much as 80 per cent. of Imperial and the basis of the distribution is placed at one of Imperial for every six of Standard of New Jersey.

The argument in this connection follows the lines that if such a distribution were ordered, Imperial would be free to enter the American field actively and could then take over the Midwest Refining Co., which it is supposed to control. Imperial's energies could then be concentrated on the development of this prosperous property, whose outlook is rated very highly by oil authorities, without risk of interference from Washington.

MACKAY

Following the fall in the price of MacKay common last week to 72¼, when it went ex-dividend 1½ per cent., this stock has received little attention. A few shares sold at 73 at the week-end but since there has been a decline to 72 which is the lowest price since the boom during the latter part of November. The preferred, ex-dividend 1 point, declined only fractionally and sold at 58⅞ as compared with the price of 60 which has prevailed for the past couple of weeks.

MACDONALD

Forecasts as to probable dividend action early in the new year on the preferred stock of the A. Macdonald Company are strengthened by reports to similar effect from Winnipeg supported by a review of the features of the year's operations and the company's financial position which have been referred to in these columns. There have been no sales in the common stock for a week or so.

PRICE BROS. & CO.

In spite of the war, Price Bros. & Co., Limited, have installed a new Fourdrinier machine for newsprint manufacture, which will increase their capacity by 50 tons a day, to 240 tons. THE FINANCIAL POST is informed that not only all the previous output of the mill has been sold but a market is in sight for practically all the increased capacity. Of the newsprint turned out nearly 95 per cent. is exported to the United States, and this market is reported to be showing some improvement over the last six months or so. In addition to newsprint the plant is running a machine on cardboard which is in strong demand, has three shingle mills, and also has a surplus of pulp which is sold. It is probable that Price Bros. will be able to repeat last year's phenomenal profits, when the gross profits for the twelve months were $1,240,486, as compared with $1,032,186 for the preceding fifteen months, as a change was made in the ending of the company's fiscal year. The net profits were even more favorable, being $805,218 in place of $393,538 for the longer period. The percentage earned on the stock was 16.10, where the year before it worked out at 7.87.

SHREDDED WHEAT

On the payment of 2½ per cent. on the common stock this week, the price of Shredded Wheat was readjusted on the minimum list to 109½. However, there was no indication of trading interest and neither ask nor bid quotations were posted on the exchange.

TOOKE BROTHERS

The first sale of Tooke Brothers common in many months took place during the week when four shares were transferred at the minimum of 19. The preferred coincidentally sold at 72¼.

Stock Movements of the Week

Week ending Dec. 20:

	Ask.	Bid	High	Low	Close	Sales	Minimum Prices
Banks—							
Commerce	185	...	185	184¾	184¾	17	185
Hochelaga	140	...	140	140	140	23	140
Imperial	185	...	185	185	185	10	185
Merchants	167	...	167	167	167	35	167
Montreal	210	...	210	210	210	34	210
Royal	205	...	208	208	208	6	208
Standard	200	...	200	200	200	5	200
Union	137½	136	137	137	137	32	136
Transportation—							
Barcelona	9	8¾	9¼	9	9	240	...
Brazilian Trac.	32	...	32	32	32	271	32
Can. Steam., com.	39¼	...	39½	39½	39½	6	39¼
Do., pref.	72½	...	72½	72½	72½	6	76
Can. Pacific	129½	128	129	128¼	128¼	52	...
Ill. Traction, pref.	80	...	80	80	80	4	80
Toronto Ry.	58	...	60	60	60	3	58
Twin City, com.	65	...	63¼	63	63¼	15	...
Telegraph, Light and Power—							
Consumers Gas	150½	...	150½	150½	150½	12	144½
Civic Invest.	68½	...	68½	68½	68½	309	68½
Mackay, com.	73	72	73	72	72	10	...
Do., pref.	60	...	60	59⅞	59⅞	91	...
Shaw. W. & Power	107	...	107	107	107	19	107
Industrials—							
Canada Bread, com.	18	...	18½	18½	18½	35	...
Brompton Pulp	39½	39	39¾	39	39	365	39
Can. Cement, com.	57	...	57	57	57	105	57
Do., pref.	90	...	90	90	90	4	90
Can. Gen. Elec., com.	99½	...	99½	99½	99½	10	99½
Dom. Iron, pref.	88	...	88	88	88	15	88
Dom. Steel Corp.	52⅝	52	52½	50¾	52½	751	50¾
Dom. Textile, com.	80¾	...	80¾	80¾	80¾	30	80¾
Lake of Woods	120⅛	...	120⅛	120⅛	120⅛	55	118¾
Laurentide	152	...	152	152	152	440	152
Maple Leaf, pref.	93	...	92	92	92	90	92
Nat. Steel Car, com.	7½	6	6	6	6	25	...
Do., pref.	19	18	19	18	19	10	...
Ogilvie Flour, com.	143	140	140	140	140	10	140
Penmans, pref.	81⅞	...	81⅞	81⅞	81⅞	5	81⅞
Steel of Can., com.	49½	...	49½	49½	49½	119	49½
Do., pref.	85	...	85	84½	85	23	84½
Tooke Bros., com.	19	...	19	19	19	4	19
Do., pref.	72¼	...	72¼	72¼	72¼	10	70½

TORONTO RY. CO. NOT CONCERNED WITH BY-LAW

Attitude is That People Should Decide as They Think Best.

PROFITS WILL BE HIGHER

Despite Increase of About $500,000 in Railway Expenses, Income from Subsidiaries Will Be Reflected in Larger Net Earnings

Although the future of the Toronto Railway Company, so far as the tramways system in the city is concerned, is to be decided by the vote of the people on the municipal voting day, there is little or no active interest being taken in the matter. It is regarded as a foregone conclusion that the voice of the voters will favor the exercise of the rights of the city under the charter agreement when the term of the present contract expires in 1921. The attitude of the company is that it is a matter for the city to decide, and there is nothing in the shape of a campaign to influence votes so far as the railway is concerned. R. J. Fleming, the general manager, is not even sure that he will cast his vote on the question.

The passing of the by-law is regarded as certain in view of the campaign to encourage public opinion to that attitude which has been conducted in Toronto for some years. The people have been led to believe that improved service will come through the city taking over the system—and there is talk of big profits as well—while on the other hand it has been practically futile for supporters of the franchise idea to point out that experience has proven that more efficient service is given under private administration of public utilities and that an amicable arrangement regarding a renewal of the franchise would have put the company in a position to go ahead with improvements.

The attitude of the company at the present time is that the people should exercise their rights under the franchise agreement as they think best. This agreement calls for a certain settlement in regard to the taking over of the company's property, and if the vote is favorable there will be practically nothing to do but await the expiration of the franchise, when arbitration proceedings will be commenced. Until that time it is probable that the policy of the company will be to continue to keep its affairs pretty much to itself, particularly as regards subsidiary assets.

Report Will Be Better

Information secured by THE FINANCIAL POST is that the annual statement of Toronto Railway to be presented to the shareholders at the annual meeting will show an improvement over that of a year ago. This despite the fact that the showing by the tramways system itself will not be so good so far as net profits are concerned. This statement will fully justify the dividend policy of the company, but whether the eight per cent. is to be continued in the future is a matter which directors are not prepared to discuss at present.

As regards the railway operations, it is reported that wages and other expenses have increased to the extent of some $500,000, and this has had the effect of offsetting the large growth in gross earnings. However, the reduction in railway net has again been more than counterbalanced by the increased income from the subsidiary companies, which indicates that the electrical supply companies have been profiting from the heavy demands which have been made for power for industrial and other purposes.

In view of the increased income from the subsidiaries it is to be hoped that the annual meeting will result in some additional information being given to the shareholders as to the operations and outlook for these concerns. Shareholders are undoubtedly anxious to know whether the profits are the result of a war-time demand for power and whether the plans of the Hydro Commission are likely to prove a serious menace.

MURRAY-KAY ABANDONS PLAN FOR BIG STORE

Continued from page 1.

secured by "Jas. A. Ogilvy's, Limited," who take over "Jas. A. Ogilvy & Sons," with the addition of several hundred thousand dollars capital to develop the Montreal store. The president of the new firm is Richard P. Gough, a member of the fur firm of Sellers-Gough of Toronto, who was interested in the original plans for the extension of the Murray-Kay business. Most of the capital, it is understood, is provided by others associated with Mr. Gough before. The general manager of the two stores, according to the former plans, J. A. C. Poole, will continue in charge as at present. Whether an attempt will be made to revive the Yonge Street department store remains a decision for the future.

From a general business point of view what emerges out of the abandoned plan are two stronger stores, that will fill a larger place in the retail merchandising of the two cities. In the case of each material improvements have been made in the past eighteen months and THE FINANCIAL POST is informed that these have affected very considerably the the respective turnovers, and incidentally the profits.

THE PRICE OF FOOD

Some Comparisons of Conditions in Britain and Germany

After a slight decline in September, due to the introduction of official restrictions, retail food prices advanced again in October, and, according to the *Labor Gazette*, the general level on November 1st was 110 per cent. in the big towns, 101 per cent. in the small towns and villages, and for the whole United Kingdom 106 per cent. above the level of July, 1914. The increase in this period in the actual "cost of living," allowing for increased taxation, is put at 85 per cent. The figure for Germany for June, 1917, was 117 per cent. above that for July, 1914, while wages in industry there have increased rather less than 30 per cent. The *Labor Gazette*, however, points out that the German cost of living figure means very little. For example, while there is a nominal maximum price of 3s. per pound for butter, and of 3¾d for an egg, the actual cost of 1 lb. of butter is 13s 6d and of an egg 9½d in Berlin. In Italy retail food prices are calculated to be 71.6 per cent., in Switzerland 92 per cent., in Austria 173.2 per cent., in the United States 42 per cent., in Australia 26.3 per cent., and in New Zealand 26.3 per cent. above the level of July, 1914.

Have You Already Appointed A Personal Executor?

If so, have you faced the following possibilities?

1. That he may be unwilling to act.
2. That he may die before your estate is fully administered.
3. That he may be ill or away when your estate needs him most.
4. That his training may not qualify him to deal with the kind of property of which your estate is made up.
5. That his financial resources may not be sufficient to make him responsible for the amount of property which is given him to manage.

If any of these possibilities suggests to you that it is advisable to protect your Estate by safeguards additional to those which you have already supplied, our officers are happy to be consulted.

National Trust Company Limited

Capital Paid-up. $1,500,000. Reserve, $1,500,000.

18-22 King Street East, Toronto.

THE TEMISKAMING MINING CO., LIMITED

(No Personal Liability)

A letter from the President to the Shareholders of The Temiskaming Mining Company, Limited: The following named gentlemen constitute the Board of Directors of your Company—The Temiskaming Mining Company:

Frederick L. Lovelace, of Niagara Falls, N.Y., Secretary of the Niagara Power Company, one of the largest producers of electrical power on the American Continent.

Frederick C. Finkenstaedt, of Bay City, Michigan, Secretary-Treasurer of the National Cycle Company; Secretary of the Michigan Pipe Company; Director of the People's Commercial & Savings Bank; for thirty-five years associated with Mr. Henry B. Smith, who is President of the Dominion Sugar Company, and also very heavily interested in Banking and Real Estate.

William Thomas Mason, of Montreal, P.Q., of the firm of Mason, Gordon & Company, Lumber Merchants; identified with the lumber industry in Montreal and Ottawa for over thirty years.

Henry E. Tremain, of Toronto, Ontario, identified for over thirty years with Hammond-Standish & Company, Packing Interests, of Detroit, Mich.

William E. Stevenson, of Bay City, Michigan, Merchant in Bay City for thirty years past.

J. Homer Black, of Toronto, Ontario, General Manager of the Excelsior Life Assurance Company; formerly Superintendent of the Temiskaming & Northern Ontario Railway; formerly General Manager of the Northern Ontario Light & Power Company.

Frank L. Culver, of Toronto, Ontario, President and General Manager of The Temiskaming Mining Company, Limited; President and General Manager of Beaver Consolidated Mines, Limited; President and General Manager of Kirkland Lake Gold Mining Company, Limited; Vice-President and Director of Schumacher Gold Mines, Limited, of Porcupine; Vice-President and Director of the Toronto Milling Company, Limited.

These are the gentlemen who took over the management of your property in 1914, after it had been mined for eight years, and it was supposed to be worked out. Under their management the shareholders have received $600,000 in dividends and have quick assets on hand now of about $600,000 more.

These are the gentlemen who have prosecuted the development of your property since 1914, and who told you in their half-yearly statement that the ore reserves in your mine were nearing depletion, which statement was substantiated by the report of two independent engineers.

These are the gentlemen who have placed before you a bona fide proposition (By-law No. 36), sincerely believing it to be in the interest of every shareholder.

These are the gentlemen who now ask you the plain question: Do you want your Company to continue mining, or do you want your liquid assets distributed, which would mean the liquidation of your Company?

If you wish your Company to continue mining, the proposition which your Directors have secured from Beaver Consolidated—namely, securing one-half interest in their ownership of stock of Kirkland Lake Gold Mining Company, Limited, is an excellent opportunity of owning an interest in a proven mine.

The Beaver Consolidated has been developing the Kirkland Lake property until it is now almost to the producing stage, upwards of $450,000 having been spent for and on the property. Nearly a mile of underground work has been done; a mill is in course of erection, and it will require approximately $150,000 more to continue development and complete the mill, which, we think, should be done by the first of June next.

Your Directors for the past several months have had men out examining properties in the hope of obtaining something for your Company, but to date only one prospect—namely, Claim No. L 5433 in the Kirkland Lake District—has appealed to them. On this they have taken an option, on which no payments are to be made for one year. They have moved the small plant from the North Dome property in order to make a thorough examination of Claim No. L5433, and should this property prove good it will further enhance the value of your holdings.

This option, however, should in no way interfere with your joining Beaver Consolidated in Kirkland Lake. The Kirkland Lake is a proven mine, from which, if the by-law is ratified, your Company will be receiving returns in a very short time.

When your Directors placed the proposition before you and advised you to go into it, they were at once met with opposition from Hamilton B. Wills, a broker, and Max Morgenstern, a shareholder, who have circularized you frequently, strongly opposing this deal, but they have never offered you an alternative proposition. They have both endeavored to discredit your management in every way possible by freely distributing libellous and slanderous circulars. Your Directors will not engage in any contest of this nature.

Your Directors have submitted a by-law for your approval or otherwise. If you do not want this proposition to go through, but prefer to have your Company discontinue mining and have its affairs wound up, why say so by sending your proxy to Mr. Wills or Mr. Morgenstern. Remember, your Company has a large bank account, but remember also that Mr. Wills and Mr. Morgenstern did not create it.

If you desire to have your Directors make this investment for you and therefore put a tangible asset behind your stock which will last for years, send your proxy in at once authorizing your vote for the by-law.

Two-thirds of the vote represented at the meeting is required to carry the by-law. If you are in favor of it, sign and return the enclosed proxy at once, which will cancel any previous proxy you may have given in opposition to it before you really understood the situation.

Very truly yours,
F. L. CULVER, President.

ROYAL BANK'S GAIN IN ASSETS OF $82,000,000

Rapid Growth Also Shown in Increase of $52,000,000 in Deposits.

FINANCING FOR THE WAR

Call Loans Abroad Reduced for War Needs at Home—Improvement in Liquid Assets—Earnings of $2,327,979.

With an increase in its assets of over $82,000,000, or nearly $7,000,000 a month; and a gain of $52,000,000 in deposits for the year ending Nov. 30, the Royal Bank has taken a longer stride than ever before, and has set a new high mark upon a succession of remarkable yearly advances. While these totals are impressive, the relative strength of the bank has kept pace, for the immediately available liquid assets have grown by $38,887,006, as compared with $22,084,965 in 1916, and now bear a percentage of 35.59 to the total assets where one year ago the percentage was only 31.82. There has been a strengthening also in relation to the total liabilities to the public, from 35.43 per cent. last year to 37.59 per cent. at the present time. While it is true that the bank absorbed the Quebec Bank at the beginning of the year these assets cover only some $20,000,000 of the increase. In earnings the statement is equally satisfactory, and shows profits of $2,327,979, or 18.03 per cent. in the paid-up capital, as compared with $2,111,307 last year, which was 17.87 per cent., and $1,905,576 in 1915, or 16.48 per cent.

The assets of the bank now, $335,574,186 are almost double what they were two years ago ($179,604,054) and five times the total of 1910 which was $67,051,102. The growth in deposits makes a total of $116,000,000 in the last three years, while the savings are nine times the total of ten years ago.

The substantial gain in earnings brings the total available for distribution to $3,180,325. Allowing for a sum of $564,264 set apart as a reserve the balance would be $1,092,564 as compared with $852,346 last year or a net gain of $260,218 for the year. Profit and loss figures for the last two years are as follows:

	1917	1916
Prev. bal.	$ 852,346	$ 676,472
Profits	2,327,979	2,111,307
Total	$3,180,325	$2,787,779
Less—		
Dividends	$1,549,604	$1,417,207
Pension	100,000	100,000
Premises	250,000	250,000
Patriotic	60,000	50,000
War Tax on Cir	128,357	118,226
Reserve	528,300	....
Total	$2,616,061	$1,935,433
Balance ...	564,264	852,346

While the earnings show a new high record, and the percentage on paid-up capital is higher than last year it is not quite equal to the percentages of several years before the war, for instance in 1911 when the percentage was 18.58, and in 1908 when it rose to 19.15 per cent. The figures for this year, however, are the more satisfactory, improving on last year's, as the Quebec Bank's record for earnings fell below these figures. The record of earnings for the last 10 years are:

	Profits	% on Cap.	Div. pd.
1917....	$2,377,979	18.03	12
1916....	2,111,307	17.87	12
1915....	1,905,576	16.48	12
1914....	1,886,142	16.30	12
1913....	2,142,100	18.43	12
1912....	1,527,324*	18.25	12
1911....	1,152,250	18.58	12
1910....	951,337	18.29	11¼
1909....	838,306	18.08	10
1908....	746,775	19.15	10

*For eleven mos. only, ending Nov. 30.

Apart from the large increases in assets and deposits, war conditions and the history of this bank's share in supporting vigorously the Dominion and Imperial Governments in their financial requirements are epitomized in the balance sheet. The bank's deposit in the central gold reserves has increased from $6,500,000 to $16,000,000; holdings of Dominion and Provincial Government securities have increased from $1,029,374 to $22,322,197, and holdings in municipal and outside public securities advanced from $14,012,089 to $21,585,545. Call loans abroad were reduced from $21,372,026 to $14,574,136, leaving more money available for government war needs at home. Two items indicate how the requirements of business at home were satisfied, circulation increasing from $18,178,228 to $28,159,351, and call loans in Canada from $11,076 to $12,040,687. To the reserve was added the premium on stock issued to Quebec Bank shareholders and the total reserves now stands at $14,000,000, compared with $12,911,700, the paid-up capital.

The analysis by THE FINANCIAL POST which appears below shows that a large portion of the increased assets was invested in immediately available assets, which increased by $38,887,006, from $80,574,963 to $119,461,969. The percentage of these to the total assets has grown from 29.50 in 1915 to 35.59, while the percentage to the liabilities to the public has increased from 33.77 in 1915 to 37.59 in 1917. Current loans increased by $15,836,011, from $86,936,631 to $102,358,027; Dominion notes by $4,035,335; and call loans by $964,682. Savings increased by $41,626,516, from $140,862,200 to $182,488,716; while demand deposits rose by $11,133,271, to $70,498,667. An item of $14,582,659 appears as due the Dominion Government, in connection with financing the Western crops. Comparisons are as follows:

	1917	1916	Change
Immediately Available Liquid Assets			
Specie	$16,079,831	$16,072,763 +	$ 7,068
Dom. notes	18,284,445	14,249,110 +	4,035,335
Nt. cir. dep.	645,585	595,340 +	50,245
Notes bank	5,308,204	3,857,574 +	1,450,630
C. lns. abd.	14,574,136	21,372,026 —	6,797,898
Bank bal..	229,868	1,200 +	228,668
Do., ab'd.	10,704,339	5,092,607 +	5,612,272
Gov. sec...	22,322,197	1,029,374 +	21,292,823
Cheques ...	15,283,364	11,805,509 +	3,477,855
Gold res...	16,000,000	6,500,000 +	9,500,000
	$119,431,969	$80,574,963 +	$38,857,006
% total assets	35.59	31.82 +	3.77
% total liab. to public...	38.81	35.43 +	3.38
Other Assets			
Pub. sec...	$21,586,546	$14,012,090 +	$ 7,574,456
Other secs.	12,777,504	15,464,605 —	2,687,101
Call loans.	12,040,687	11,076,006 +	964,681
Current ..	102,358,027	86,936,631 +	15,421,396
Over debts.	490,065	466,641 +	23,424
Elsewhere .	53,764,038	37,928,027 +	15,836,011
Lets. cred..	5,510,311	452,677 +	5,057,634
Real estate.	1,114,553	1,095,473 +	19,080
Premises ..	6,371,329	5,138,398 +	1,232,931
Other ass..	129,157	115,916 +	13,241
	$216,142,217	$172,686,464 +	$43,455,753
To. assets.	$335,574,186	$253,261,427	
Liabilities to Public			
Circulation	$28,159,351	$18,178,228 +	$ 9,981,123
Dem. dep..	70,498,667	59,365,396 +	11,133,271
Savings ..	182,488,715	140,862,200 +	41,626,515
Due banks.	364,788	1,464,468 —	1,099,680
Due else....	5,801,809	6,683,109 —	881,300
Accept. ..	5,510,311	452,677 +	5,057,634
Bils pay...	297,495	478,392 —	180,897
Due D. Gov.	14,582,659	.... +	14,582,659
	$307,703,795	$227,484,470 +	$80,219,325
To Shareholders			
Capital ...	$12,911,700	$12,000,000 +	$ 911,700
Reserve ...	14,000,000	12,650,000 +	1,440,000
Dividends .	394,426	364,611 +	29,815
Balance ...	564,265	852,346 —	288,081
	$27,870,391	$25,776,957 +	$ 2,093,434
To. liab...	$335,574,186	$253,261,427 +	$82,312,759

NEWSPRINT MEN CONFIDENT OF 1918 BUSINESS

Most of Next Year's Capacity Already Contracted For in U.S.

The newsprint mills of Canada are looking forward with confidence to the business that will be available for next year, and expect that it will not fall below that of this year in so far as the export to the United States is concerned. Already there is som improvement in the slight decline that was met with during the summer and early Fall, although the easing up did not occur to the same extent as in the case of book papers. A number of the newsprint mills have orders on hand that will carry them through to the greater extent of the capacity of the plants for the most of next year. Transportation conditions, too, are improving.

Export overseas is dependent entirely, not on demand—for that is assured—but simply on the possibility of securing space to carry the paper. A heavy demand from Great Britain, South Africa, Australia and other countries awaits only sufficient bottoms available for the shipment of the Canadian product.

The only element of uncertainty, as expressed by several exporters to THE FINANCIAL POST, is the final action that will be taken by the U.S. Government, through the Federal Trade Commission, in fixing a reasonable price for paper in the United States. This will be three cents a pound up to April 1, but may be changed then. Fortunately, perhaps, the mills have an appeal to a court in case the Commission fixes a permanent price that they consider too low. At present they declare that they are quite in the dark as to what the Commission will do, although there is a disposition to conclude that the 3-cent rate that was made the temporary basis, f.o.b. mill, may continue, and in that event the mills would be manufacturing at a fair profit. In the meantime the organization of Canadian mill men, among others, in the form of the "Newsprint Manufacturers' Association," has been dissolved, and a "Service" association, concerned chiefly with procuring statistics and keeping in touch with the question of supply and demand, is now being organized, according to G. F. Steele, general manager of the Canadian Export Paper Company, which was a member of the former body.

BRIDGE PROFITS NOT HALF OF 1916; DIVIDEND LESS?

Earnings Cut Down by Shell Orders, Netting Only $1,186,436

QUEBEC EARNINGS IN 1918

Then $1,500,000 Will Be Netted—Marine Work Promising—Uncertainty of Future May Cause Cut in Dividends

As the directors of Dominion Bridge Co. frankly admitted in submitting the report for the year ending October 31 to the shareholders on Thursday afternoon, the profits for the year were "disappointing." While the net earnings were $1,186,436, this was far less than one-half the $2,776,390 of 1916, and less than the figures for $1915, $1,344,347. The chief reason for the drop was unremunerative shell orders and other munitions contracts. The directors intimated that the question of reducing the regular dividend, which was 10 per cent. this past year, would come up for serious consideration of the incoming board. This was due, not so much to the 1917 record, but for a number of reasons: more capital was required to run the business, as the cost of materials had advanced so much; labor costs were going up; a large portion of the payments on munitions work for next year would be deferred, and a more drastic business profits tax was expected.

"It is not clear that the dividend distribution at the present rate should be continued," they declare, because the company must be maintained in a "strong cash position."

Some Brighter Features

At the same time prospects for Bridge look bright in many respects. Not one cent of the profits from the completion of the Quebec Bridge was contained in the 1917 statement. While freight trains are passing over, the structure will not be completed, with painting, etc., and handed over to the Government until next summer.

"On the acceptance of the bridge by the Government," the report says, "a distribution of profits should be made and your company will then receive about $1,500,000 as its share of profits accumulated in the seven years the work has been in progress, and will also benefit by the return of a good portion of the cash capital invested in the work."

It is expected that regular bridge work will continue to be small for some time to come and the company, not finding prospects for remunerative work encouraging in this direction, secured contracts for marine engines and boilers totaling in value about $1,170,000.

"It is believed all of this work has been taken at prices which will prove satisfactory, though a considerable capital expenditure is involved in additions to shops and equipment to handle engine and boiler work." They add:

"We have also recently secured orders for fabricating ship plates and frames, which will keep the structural departments of your Lachine and Toronto shops profitably busy for some seven months to come, and there is good prospect of further similar orders."

Profit and Loss Account

Contracts, profits, int., etc...	$1,205,787
Miscell. earnings	154,745
	$1,360,583
Less deprec., etc.	174,097
Net earnings	$1,186,436

Out of this $300,000 went to the special reserve, $82,620 to investment reserve, and $747,500 for dividends, including the bonus last February of 12 per cent., which made a total of 20 per cent. for 1917. In 1915 the dividend was 8¾, and in 1914 7¼ per cent. The earnings this year are still nearly 20 per cent. of the outstanding capital of $6,500,000.

There is a special reserve of $300,000 set aside to provide against loss through a sudden drop in materials in the future. The balance at profit and loss is now $1,679,590, compared with $1,623,278 last year, $749,101 in 1915, and $336,283 at the end of 1914.

In the assets, real estate, machinery, etc., are set down at $3,854,079, with $534,667 additions in year, while $3,164,590 is invested in other companies. There is a net amount of $1,366,033, which is expenditure on uncompleted contracts not yet paid for. The total assets are $11,876,355.

Referring to a subsidiary concern, the Copper Products Co., the report announces that a lease of a portion of the property of National Bridge has been given for 50 years. There are good prospects, it is declared, of a continuance of the prosperity of this company.

GOVERNMENTS CONTROL THIRD OF WORLD'S RAILWAYS

Public Ownership Has Been Undertaken Extensively in European Countries

Suggestions of Governmental control of the railways of the United States during the war, now being made by officials of the Government at Washington, lend interest to a compilation by the National City Bank showing Government control or ownership of the railways throughout the world.

It shows that about one-third of the railways of the world are owned or controlled by the governments of the respective countries or states in which they operate, and that in Europe, Asia, Africa and the British Colonies more than one-half of the lines are government owned or controlled. In some cases, notably Germany and Australia the railways are chiefly the property of the states or subdivisions forming the general government, in others they are the direct property of the government. In Germany over 90% of the railways are classed as government or state railways; Austria-Hungary 82%, Russia 77%, Italy 73%, Switzerland 99%, the Scandinavian states 44% and France at present 17%, while other parts of her system have been built in part or whole by the government and are operated by railway companies, and will later revert to the government.

Of Europe, as a whole, 54% of the railway lines are classed as state or governmental railways; Asia 70%, Africa 65%, South America 31% and North America but 5%. In Australia 99% belong to the colonies which form the Commonwealth of Australia, in New Zealand 99% are governmental, India 80% and the British Colonies as a whole 55%, while of those of Great Britain none is owned by the government, though the entire system is now temporarily controlled by the government for war purposes.

In Canada about 5% of the railways are government owned. In China portions of the railways are being constructed under agreements which will finally make them government property, and in Japan 79% of the railways are now classed as government lines. The principal countries which do not own or at least control any part of their lines are United States, Great Britain, Spain and Turkey, though in certain of the South American countries, notably Argentina, the share of the lines owned or controlled by the government is comparatively small.

The cost of the railways of the world, including in this term first construction and equipment, is estimated at about $60,000,000,000, of which those of Europe are about $27,000,000,000, North America $21,000,000,000, South America $3,500,000,000, Asia $4,500,000,000, Africa $2,000,000,000, and Oceania $1,500,000,000.

The table which follows shows the total number of miles of railway in each of the principal countries of the world, at the latest date for which figures are available, and the number of miles owned or controlled by the government or the states forming the government; also approximate totals for the entire world and the various grand divisions. The figures show miles of road and do not include additional mileage in the form of second third or fourth main tracks or yard tracks and sidings:

	Year	Total railway mileage	State railways
Argentina	1916	22,688	4,136
Australia	1915	22,263	20,062
Austria-Hungary	1914	29,328	24,000
Belgium	1914	5,451	2,700
Brazil	1916	16,294	2,930
Canada	1915	35,582	1,763
Chile	1915	5,015	3,236
China	1916	6,467	....
Denmark	1915	2,455	1,250
Egypt	1916	4,381	2,401
France	1914	31,958	5,600
Germany	1914	39,600	36,550
India	1916	35,833	29,500
Italy	1916	11,635	8,526
Japan	1915	7,131	5,686
Mexico	1913	16,088	12,324
Netherlands	1915	2,075	1,120
New Zealand ...	1916	2,989	2,960
Norway	1916	1,973	1,685
Peru	1915	1,800	1,100
Rumania	1914	2,382	2,350
Russia	1916	48,955	37,800
Spain	1914	9,377	....
Sweden	1915	9,228	3,045
Switzerland	1916	3,571	3,537
Turkey	1914	4,576	1,200
Union-So. Africa	1915	8,986	7,834
United Kingdom	1915	23,701	....
United States ..	1917	265,218	....
All other..........		36,120	3,710
Europe		217,000	118,000
North America		323,000	15,000
South America		52,000	16,000
Asia		69,000	47,000
Africa		29,000	19,000
Oceania		23,000	22,000

Total railway mileage.... 713,120
Total State mileage...... 237,010

Steel manufacturers are experiencing some difficulty in forecasting earnings of the United States Steel Corporation for the current quarter, due to poor transportation facilities and the fact that large tonnages of steel will have been delivered on a basis of new Government prices.

The Federal Farm Loan Board has announced an increase in interest rates to farmers from five to 5½ per cent.

LEADERS VERY CAUTIOUS ABOUT FIXING OF PRICES

Hesitation About Carrying Out Suggestions of President.

EVIDENCE OF DANGER

Senator Smoot Says That the Country's Man-power is Breaking Down and That Products Are Being Wasted

WASHINGTON. — Administration leaders in both houses of Congress hesitate to take up President Wilson's suggestions in his annual message that a broader system of price fixing must be applied to the industries of the United States if efficient production is to continue. Republican leaders appear to be ready to discuss the subject, but always with the early reservation that the measure which they shall be asked to consider must emanate from Democratic council.

Senator Smoot of Utah takes the view that in price fixing the Government must proceed with the greatest caution. To a correspondent of *The Sun* Senator Smoot said:

"Price fixing is delicate and dangerous business. Great Britain has tried it and so has France, and both have been confronted with ill success in their attempts. It is a question which should be met with the highest scientific regard for the stimulation of production. It must be met with a willingness on the part of the Government to stand the mounting cost of war so long as production multiplies and the needed supplies are forthcoming through accelerated production.

Sees Remedy in Taxation

"Price fixing must not be attempted with a view to holding prices down either for the consumer or for the Government. If profits pyramided under the high standard of prices necessary to meet the costs of production under the speeding up processes, the Government's recourse would be to bring that outlay back to the Federal Treasury under new taxation of excess of profits. But the need of the hour is for the speeding up of production, the filling of the warehouses with needed supplies, the elimination of the production of non-essentials, and in that the Government can go as far as it pleases.

"It was saddening in my own State to watch the results of the insufficient farm labor obtainable by the farmers of Utah. I rode by train past fifteen miles of superb apple orchards groaning with fruit frozen as hard as brickbats and absolutely useless and destroyed as far as commercial value was concerned, just for the want of the labor to pick and pack. And yet men to pick and box the Utah apple crop could have earned $15 a day.

Needed Products Go To Waste

"This is only an instance of the situations existent all over the land where valuable and needed productions have gone to waste, not because the price was wrong, too low or that markets were unobtainable, but because the man power had broken down.

"Price fixing must be regulated with complete scientific appreciation of the inter-relations of the various industries. The fixed minimum price on wheat and the absence of a fixed minimum on sugar has turned the farmers of the beet sugar raising areas from sugar to wheat. At the fixed market price of a fraction under 8 cents for sugar, the beet raising farmer finds he would be able to obtain only $8.50 a ton for his beets, if this price is to be met. Two dollar wheat is the equivalent of $12 a ton for sugar, and so it is a simple matter for the farmer to convert his beet fields into wheat fields and produce wheat at a profit in preference to producing sugar at a loss."

Senator Smoot's views are shared by many of his Republican colleagues. All wait the President's first indication of his desires along this line with serious interest.

Short Time Investments

2. The Guaranty Plan

Should automobiles be sold on time you ask?

Take sales at retail for instance, for even the most conservative banker approves of the application of ordinary commercial credit to wholesale transactions involving the purchase and sale of automobiles as well as any other new standard merchandise.

Installment banking, to be sound, must be premised upon identifiable merchandise, insured against practically all the hazards that inhere in the transaction sold to individuals who establish adequate equity by substantial down-payment, and who have credit responsibility undoubtedly sufficient for the debt involved. The entire debt should be completely liquidated in a period considerably shorter than the useful life of the merchandise bought.

The Guaranty Plan is available only on standard makes of cars, produced by manufacturers of ample capital. Of course, every car is identifiable through serial and motor numbers.

The purchaser is required to pay down one-third the price of the car or more and to pay for insurance against fire, theft and conversion. This insurance is for the protection of all parties as their interests may appear.

Each purchaser must submit a signed statement and other proof of his ability to pay. His general credit standing is investigated.

Monthly payments on passenger cars may not exceed ten months, so that they far more than keep pace with depreciation. The average life of motor cars is four and three-quarter years.

Convincing proof of the economic soundness of the Guaranty Plan is provided in the collection record extending from the inception of the business to the present time.

Charts showing these collections will be gladly sent any bank or other investor.

All bad and doubtful debts have been charged off up to August 31, 1917. Of more than $39,000,000, of paper bought to date losses have amounted to $29,516.05. $32,498,236.09 of this paper has matured, $32,451,142.40 has been paid.

Should automobiles be sold on time? Indiscriminately, no. Under restrictions that yield the foregoing results, emphatically—yes.

Based on such paper there are issued Collateral Trust Securities maturing in from 2 to 10 months, which have been purchased by the foremost banks throughout the U. S. and Canada to a total of $30,214,000.

May we send you our new booklet in which are presented in detail the full facts relating to this form of investment? It discusses such topics as the following:

Self Liquidation; Maturities;
Margin of Security; Volume of Paper;
Insurance Protection; 10,000 Name Paper;
Collection Record of Underlying Collateral;
Vocational Diversification of Underlying Names;
Geographical Distribution of Underlying Names;
Credit Check on Underlying Collateral.

GUARANTY SECURITIES CORPORATION
Capital $1,000,000.00. Undivided Profits $218,698.02
NATIONAL TRUST BLDG. MONTREAL
Head Office New York - San Francisco

DIVIDENDS DECLARED.

The Ogilvie Flour Mills Co., Limited

DIVIDEND NOTICE.

NOTICE is hereby given that a quarterly dividend of three per cent. has been declared on the Common Stock of THE OGILVIE FLOUR MILLS COMPANY, LIMITED, payable Wednesday, the second day of January, 1918, to shareholders of record at the close of business Monday, the twenty-fourth day of December, 1917.

By Order of the Board.

G. A. MORRIS,
Secretary.

Montreal, December 17, 1917.

The Bank of Nova Scotia

DIVIDEND No. 192.

NOTICE is hereby given that a Dividend at the rate of Fourteen per cent. per annum on the paid-up Capital Stock of this Bank has been declared for the quarter ending December 31st, and that the same will be payable on and after Wednesday, the 2nd day of January next, at any of the offices of the Bank.

The Stock Transfer Book will be closed from the 17th to the 31st proximo, inclusive.

By order of the Board,

H. A. RICHARDSON,
General Manager.

Halifax, N.S., November 20th, 1917.

Central Canada Loan & Savings Company

QUARTERLY DIVIDEND.

NOTICE is hereby given that a Dividend of TWO AND ONE-HALF PER CENT. (2½%) for the three months ending December 31st, 1917, at the rate of TEN PER CENT. per annum, has been declared upon the Capital Stock of this Institution, and the same will be payable at the offices of the Company, Toronto, on and after Wednesday, the 2nd of January, 1918.

The Transfer Books will be closed from the 17th to the 31st of December, both days inclusive.

By order of the Board.

E. R. WOOD.
President.

Laurentide Company, Limited

DIVIDEND NOTICE

NOTICE is hereby given that a dividend of 2½% upon this Company's capital stock, for the quarter ending December 31st, 1917, has this day been declared, payable on Wednesday, January 2nd, 1918, to shareholders of record at the close of business, Saturday, the 22nd day of December, 1917, by order of the Board.

W. F. ROBINSON,
Secretary.

Montreal, November 27th, 1917.

Provincial Paper Mills Company, Limited

NOTICE IS HEREBY GIVEN that dividends of one and three-quarters (1¾%) per cent. on Preferred Stock, and one (1%) per cent. on Common Stock of this Company have been declared for the current quarter, both payable January 2nd, 1918, to shareholders of record at the close of business December 15th, 1917.

By order of the Board,

S. F. DUNCAN,
Secretary-Treasurer.

Dated Toronto, December 8th, 1917.

Dominion Power and Transmission Co., Ltd.

NOTICE is hereby given that Dividend No. 37, at the rate of seven per cent. (7%) per annum on the Cumulative Preferred Stock of this Company, has been declared for the half year ending December 31st, 1917, and that the same is payable on January 15th, 1918, to shareholders on record on the 31st day of December, 1917.

The Transfer Books for the Preference Stock of the Company will be closed from the 20th day of December, 1917, to the 31st day of December, 1917, both dates inclusive.

By order of the Board of Directors.

WM. C. HAWKINS,
Secretary.

Hamilton, Ont., December 20th, 1917.

Abitibi Power & Paper Co., Limited

DIVIDEND NOTICE

NOTICE is hereby given that a quarterly dividend of one and three-quarter (1¾) per cent. has been declared on the Preferred Stock of the ABITIBI POWER & PAPER CO., LIMITED, payable Wednesday, the 2nd day of January, 1918, to shareholders of record at the close of business Thursday, the 20th day of December, 1917.

By order of the Board.

WM. H. SMITH,
Treasurer.

International Petroleum Company, Limited

NOTICE is hereby given that a dividend of 50c per share has been declared by the directors of the International Petroleum Co., Ltd., and that the same will be payable on or after the 31st January, 1918, in respect of the shares specified in any Bearer Share Warrants of the Company, within three days after Coupon No. 1 attached to said Bearer Share Warrants have been presented and delivered at the following Banks:—

The Royal Bank of Canada, 60 Church St., Toronto, Canada.
The Farmers Loan & Trust Co., 16-22 William St., New York, N.Y.
The Farmers Loan & Trust Co., Ltd., 26 Old Broad St., London, England.
— or —
The offices of the International Petroleum Co., Ltd., 56 Church St., Toronto, Canada.

such presentation and delivery to be made on or after the 28th day of January, 1918.

The payment to shareholders of record whose shares are fully paid up at the close of business on the 28th day of January, 1918, and whose shares are represented by Registered Certificates will be made by check mailed from the offices of the Company on the 31st day of January, 1918.

The books of the Company for the transfer of shares will be closed from the 28th to the 31st day of January inclusive.

By order of the Board.

J. R. CLARKE,
Secretary.

The Shawinigan Water & Power Company

NOTICE is hereby given that a dividend of one and three-quarters per cent. (1¾%) has been declared on the Common Stock of this Company for the quarter ending December 31st, 1917, payable January 10th, 1918, to shareholders of record December 28th, 1917.

By order of the Board.

JAMES WILSON,
Secretary.

Montreal, Dec. 11th, 1917.

La Banque Nationale

ON and after Friday, the 1st day of February next, this Bank will pay to its shareholders a dividend of two and a quarter per cent., being at the rate of nine per cent. per annum, upon its paid-up capital, for the quarter ending on the 31st of January next.

This dividend will be paid according to the list of shareholders of record on the 15th of January next.

By order of the board of directors.

N. LAVOIE,
General Manager.

Quebec, 18th December, 1917.

The Royal Bank of Canada

Annual Meeting

THE ANNUAL GENERAL MEETING of the Shareholders of the Bank will be held at the Head Office, 117 St James Street, in the City of Montreal, on THURSDAY, the 10th DAY OF JANUARY, 1918, at 11 o'clock a.m.

C. E. NEILL,
General Manager

Montreal December [illegible] 1917

The Canadian Crocker-Wheeler Co. Limited

DIVIDEND NOTICE

THE Directors of The Canadian Crocker-Wheeler Company, Limited, have declared a One and Three-quarters per cent. (1¾%) dividend on the preferred stock of the Company for the three months ending December 31st, 1917, to shareholders of record December 21st, 1917. Also a dividend of One and Three-quarters per cent. (1¾%) and a bonus of Three per cent. (3%) on the Common stock of the Company for the three months ending December 31st, 1917 to shareholders of record December 21st, 1917.

The stock books will be closed from the 21st to the 31st of December, both days inclusive.

Checks will be mailed to shareholders on December 31st, 1917.

By order of the Board.

L. R. GRIMSHAW,
Secretary-Treasurer.

St. Catharines, December 12th, 1917.

Dominion Textile Company, Limited

NOTICE OF DIVIDEND.

A DIVIDEND of one and three-quarters per cent. (1¾%) on the Preferred Stock of the DOMINION TEXTILE COMPANY, LIMITED, has been declared for the quarter ending 31st DECEMBER, 1917, payable JANUARY 15th, 1918, to shareholders of record December 31st.

By order of the Board,

JAS. H. WEBB,
Secretary-Treasurer.

Montreal, 20th December, 1917.

ANNUAL MEETING

Bank of Nova Scotia

NOTICE is hereby given that the Annual General Meeting of the Shareholders of this Bank will be held in the Banking House, Hollis Street, Halifax, on Wednesday, the 23rd January next, at Eleven o'clock, a.m., for the purpose of receiving a statement of the affairs of the Bank, for the election of Directors, and for other business.

By order of the Board,

H. A. RICHARDSON,
General Manager.

Halifax, N.S., December 14th, 1917.

HARRISON TELLS OF THE NEEDS OF U.S. RAILROADS

A Situation Which is of Vital Interest to Canadian Business

THE PRESIDENT'S PROBLEM

Question Being Considered As to Advisability of the Government Taking Over Control and Operation

WASHINGTON.—The railroad situation in the United States, bearing as it does upon the distribution of coal and raw materials for manufacturing as well as finished products, is of particular concern to Canadian industry and business, particularly in relation to supplies of fuel and general materials for the manufacturer. Information available at Washington indicates that, despite the steps which have been taken to bring about a solution, there are still many phases of the problem to be disposed of. One of the latest developments has been the sending of a letter to the Senate Interstate Commerce Committee by Fairfax Harrison on behalf of the Railroads' War Board, which is regarded as a plea that the railroads be allowed to work out plans for unifying and making the railroads efficient by the appointment of one traffic man to speak for the government in giving orders for the shipment of government freight and freight needed by those supplying government needs—a plea that the government quit spoiling the broth by designating so many army and navy officers, administrators, and so forth, as cooks competent to use spoons.

Mr. Harrison sets forth in a comprehensive manner what the railroads are asking for and what they are not asking for and his letter serves to throw much light upon the whole situation—a situation of utmost interest to Canadian business at the moment as it is to America business. It follows:

"The American railroad system has not broken down. On the contrary, it has, in recent months, handled 50 per cent. more business than in 1915 without material enlargement of plant.

"Some misconception seems to exist as to the immediate requirements of the railroads in their present situation. Their operating troubles are a volume of traffic greater than the capacity of the plants in certain limited territories, aggravated by excessive use of preference orders, and their now serious malady of 'dilution' of labor, which is general throughout the country and common to all industry. Nevertheless, the railroads, under present management, are prepared to furnish all the transportation which the existing plant can produce under any form of management.

"What the railroads do not want:

"1. They do not ask $1,000,000,000 from the government or anybody else at the moment. They could not immediately invest it in plant and equipment if they had it, because of the difficulty in getting materials and labor. That figure represents, in round figures, what ought to be spent in every year for several years to bring the American railroad plant up to capacity to handle efficiently the growing traffic. About $600,000,000 per annum on the average has been spent for a number of years for road and equipment, which, at present prices, would be equivalent to about $1,000,000,000 for road and equipment.

"2. They do not at this time ask for appeal of the anti-trust and anti-pooling laws, as relating to them, for they do not consider such relief immediately necessary to increase unified operations.

"The co-operative use of facilities will be continued in such way as to obtain maximum efficiency.

"What the railroads do ask:

"3. The immediate appointment of a traffic officer to represent all important government departments in transportation matters, with whom the railroads can deal, to secure active government co-operation, the prompt and orderly transportation of government traffic, and avoid the excessive use of preference orders, which congest traffic instead of facilitating it.

"4. Most of the railroads need more locomotives immediately, and enough new cars to replace those worn out.

"5. Approximately 2,000 locomotives and 150,000 cars, in addition to those now on order, are necessary for early construction to meet the requirements of next year. This is no more than the railroads usually require every year, and at present prices represent a cost of approximately $500,000,000.

"While a number of the railroads are able to purchase their quotas of such equipment without aid, it is apparent that because the United States has necessarily occupied the investment market for war loans, as evidenced by the recent request of the secretary of the treasury that no new private financing shall be undertaken without conference with him, the railroads cannot next year provide through their usual channels for the capital requirements for the acquisition of equipment and other possible addition to plant.

"They invoke, therefore, the co-operation and aid of the government through the treasury department and the federal reserve board to secure for them on their own individual credit the new capital found by the government to be necessary, not only for enlargement of plant, but for renewing maturing obligations.

"6. Immediate increases in rates as defined by the Interstate Commerce Commission's special report to meet increasing operating expenses and strengthen credit are necessary in eastern territory and may become necessary in other territories.

"7. Railroad men drafted to be enrolled and assigned to railroad service until actually needed for military service."

Priority Order's Effect

The enforcement of the priority order—Number 5—(referred to elsewhere in this issue) which has the effect of regulating traffic in order of importance in the national interest should cause some improvement in the situation. Some improvement is also expected by reason of the action of Fuel Administrator Garfield in the formation of coal pools in the Central West. The idea of these pools is to disregard the ownership of coal and distribute it in the shortest possible time where it is most needed.

These arrangements are going forward on the assumption that the Railroads' War Board will be left in charge of the railroads whether as agents of the President or as representative of the owners of the property.

As to Government Ownership

The President has authority under legislation already passed to take the railroads and have them operated by an agent designated by him. Legislation would, however, be required to arrange for the acquisition of cars or the lending of money to the railroads now. New laws would also be needed should the President desire to leave the roads in the hands of their owners but at the same time make such properties more appealing to investors by restrictions under existing laws. However, should the President desire to go so far as to take the systems over it is believed that he could use the millions given him for war purposes for the purchase of equipment without further appeal to Congress.

The radical supporters of government ownership will contend against the granting of funds from the national treasury for the benefit of the carrying systems. However, it is believed that whatever the radicals may think that the President can put any measure through Congress which he thinks necessary.

PENMANS LIKELY BE PLACED ON 6% BASIS

Earnings Will Warrant Increase of the Present Rate of 4 Per Cent. and Bonus

That the directors of Penmans, Limited, have been considering an increase in the regular dividend of the company from 4 to 6 per cent. is the information that was given THE FINANCIAL POST this week. It is expected, in several quarters close to the company, that this increase will go into effect within the next six months. At present the common stock is on a 4 per cent. basis, but in February in 1916 and this year a bonus of 1 per cent. was paid, and a similar one has been declared for next February. The advance in the dividend, therefore, would be one per cent. The outstanding stock that would be affected amounts to $2,150,600, calling for an increase of $21,506 a year. How easily this could be attended to is seen by an examination of the latest reports. Last year, for instance, the sales amounted to $5,840,127, and the profits to $864,780, as compared with $779,933 for the previous year and $386,874 in 1915. The net income was $637,987, out of which was deducted $64,500 for preferred dividends—6 per cent. on $1,075,000—leaving $573,487 available for common, or 26.67 per cent. The year before, with no war tax as compared with $104,130 last year, the per cent. earned on common was 27.77. After meeting the 5 per cent. on common there was still left $465,957 as surplus for the year, or if 1 per cent. more had been paid, $444,457.

The strength of the company is seen in the total surplus of $1,085,856, out of which, as in 1916, $400,000 was set aside as a reserve, and this reserve fund now amounts to $1,500,000. The total stock is comparatively small for a company of such turnover and earnings, and the whole business is on a strong footing, well organized, with a well-graded variety of lines and an excellent reputation in the trade. The company operates in nine different centres in Ontario and Quebec, and thus is enabled to secure all the labor that is available in these localities, such as Paris, Brantford, Coaticook, St. Hyacinthe, and other points. The output consists of a complete range of knitted goods. This year domestic orders have been supplemented by large orders from the United States, and the company has been able, in part, to meet the scarcity of yarn by operating its own spinning mill.

Operating income of the Great Northern decreased $905,209 in October over same month last year, according to the report made by Comptroller G. R. Martin. The decrease for the 10 months ending October 31 was $3,186,983.

BANK OF TORONTO EXPERIENCES A SPLENDID YEAR

An Increase of Over $70,000 in Net Profits is Shown.

POSITION IS STRONGER

Part Which Bank Has Played in National Financing Shown in Holding of Canadian and British Securities

National financing, through credits to the Dominion Government and advances to Great Britain for orders placed in Canada through the Imperial Munitions Board, is reflected in the annual statement of the Bank of Toronto as the dominant influence of the year. Holdings of government securities increased by $4,758,641 and public securities by $4,441,031, the total of these two accounts being over $16,000,000, while the increase of over $9,000,000 represented the great bulk of the total growth of assets amounting to $11,179,364. The result was that there was a material strengthening of the bank's position in relation to immediately available liquid assets according to THE FINANCIAL POST'S classification, the ratio to total assets improving from 23.03 per cent. to 29.31 per cent., and to liabilities to the public from 27.39 per cent. to 34.04 per cent. That this was accompanied by an increase of profits of over $70,000 must be regarded as a matter for congratulation on the part of the shareholders particularly in view of the unsettled conditions which have prevailed in the financial and business world. The analysis showing comparative figures follows:

	1917	1916	Change
Immediately Available Liquid Assets			
Specie ....$	962,652	$ 952,905+	$ 9,747
Dom. notes	9,119,700	8,367,332+	752,368
Nt. cir. dep.	262,273	254,634+	7,639
Notes bank	552,055	549,979+	2,076
Bank bal...	......	7,580—	7,580
Do., ab'd	2,332,775	1,747,077+	585,698
Gov. sec....	6,170,018	1,411,377+	4,758,641
Cheques ...	2,785,481	2,444,487+	340,994
Gold res....	2,500,000	1,100,000+	1,400,000
	$24,684,954	$16,835,371+	$7,849,583
% total assets	29.31	23.03+	6.28
% total liab. to public...	34.04	27.39+	6.65
Other Assets			
Pub. sec...$	10,198,510	$ 5,757,479+	$ 4,441,031
Other secs.	896,625	1,003,573—	106,948
Call loans.	2,158,412	3,361,277—	1,202,865
Current ...	42,196,692	42,127,316+	69,376
Lets. cred..	530,757	395,574+	135,183
Over debts.	117,083	99,072+	18,011
Premises ..	3,510,885	3,534,892—	24,007
	$59,608,964	$56,279,183+	$ 3,329,781
To. assets..	$84,293,918	$73,114,554+	$11,179,781
Liabilities to Public			
Circulation	$ 7,606,005	$ 5,699,133+	$ 1,906,872
Dem. dep..	17,034,916	13,717,785+	3,317,131
Savings ...	46,872,381	41,175,722+	5,696,659
Due banks.	276,408	366,838—	90,430
Due else....	279,360	113,864+	165,496
Accept. ...	530,758	395,574+	135,184
	$72,599,828	$61,468,916+	$11,130,912
To Shareholders			
Capital ...$	5,000,000	$ 5,000,000	....
Reserve ...	6,000,000	6,000,000	....
Dividends .	138,784	137,649+	1,135
Balance ...	555,306	507,989+	47,317
	$11,694,090	$11,645,638+	$ 48,452
To. liab....	$84,293,918	$73,114,554+	$11,179,364

Funds from Depositors

It will be seen that the increase of funds available was largely due to the growth of deposits, savings having increased by $5,696,659 and demand by $3,317,131, a total of over $9,000,000. An increase of nearly $2,000,000 in bank paper in circulation is also indicated in the statement of liabilities.

In addition to the government financing reflected in the statement of assets—and in this connection a readjustment will be effected as the result of the flotation of the Victory Loan—the changes are not of great significance. Current loans show practically no change, indicating that the financial aid rendered the government did not result in any restriction of funds for commercial purposes, although on the other hand the natural development might easily have been an increase in view of the higher values of practically all commodities. Call loans are lower by about $1,200,000, an indication of the effects of the restriction of stock market operations. There is also shown a strengthening of position as regards ready funds in an increase of $1,400,000 of gold reserve and of about $750,000 in Dominion notes, an evident counterbalance of the increased circulation.

Eleven Years' Record

Earnings on capital were 16.05 per cent., and on total investment 6.9 per cent. The record in this respect for the past eleven years follows:

Year Nov. 30	Profits	% on Invest't	% on Capital	Div. Paid
1917 ..	$802,921	6.9	16.05	11
1916 ..	730,954	6 4	14.61	11
1914 ..	829,538	7.3	16.60	11+1
1915 ..	663,075	5.9	13.2	11
1913 ..	850,694	7.6	17.0-	11+1
1912 ..	835,787	...	16.58	11+1
1911 ..	677,964	...	16.37	11
1910 ..	589,656	...	14.74	10
1909 ..	579,471	...	14.48	10
1908 ..	582,156	...	14.55	10
1907 ..	586,635	...	14.70	10

Profit and Loss

The profits of $802,921 were the best since the 1914 year and compared with $730,954 in the last previous report. The usual distribution was made for dividends and other purposes as indicated in the table which appears below and in addition $100,000 was written off for bank premises. However, there was still a very substantial sum to be carried forward and the surplus increased from $507,989 to $555,306 as the net result of the year's operations as shown in this account:

Income Account, Years, Ended Nov. 30

	1916-17	1915-16	1914-15
Bal. forward..$	507,989	$ 439,382	$ 402,810
Profits	802,921	730,954	663,075
Total ....$	1,310,910	$1,170,336	$1,065,885
Dividends .....$	550,000	$ 550,000	$ 550,000
Pension fund..	25,000	25,000	25,000
War tax on cir.	49,404	49,097	30,503
Patriotic	29,200	36,250	15,000
Red Cross Soc..	.....	.....	2,500
Tor. Gen. Hosp.	2,000	2,000	2,000
Bel. relief fd...	.....	.....	1,500
Premises	100,000	.....	.....
Balance ....$	555,306	$ 507,989	$ 439,382

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Established 1837. Incorporated 1880.

CAPITAL:—
AUTHORIZED and ISSUED £6,000,000
Paid-up Capital...£2,000,000
Reserve Fund.....£1,980,000 Together £3,980,000
Reserve Liability of Proprietors........£4,000,000
Total Capital and Reserve £7,980,000

Head Office: 71, CORNHILL, LONDON, E.C

DIRECTORS.

HENRY P. STURGIS, Esq. (Chairman).
The Rt. Hon. the Earl of Chichester.
John Dennistoun, Esq.
Hugh D. Flower, Esq.
Charles A. Galton, Esq.
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The Hon. A. R. Mills, M.P.
Robert C. Nesbitt, Esq.
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Sir Westby B. Perceval, K.C.M.G.

Manager—ARTHUR C. WILLIS.
Assistant Manager—WILLIAM J. ESSAME.

The Bank has 41 Branches in VICTORIA, 34 in NEW SOUTH WALES, 19 in QUEENSLAND, 14 in SOUTH AUSTRALIA, 22 in WESTERN AUSTRALIA, 3 in TASMANIA and 44 in NEW ZEALAND. Drafts upon these Branches are issued by the Head Office, and may be obtained from the Bank's Agents throughout the world. Commercial and Circular Travelling Credits issued — available throughout the world. Cable Transfers are also made. Bills on the Australian States and Dominion of New Zealand are purchased or sent for collection.

The Imperial Oil Company

LIMITED

NOTICE TO SHAREHOLDERS.

SHAREHOLDERS of The Imperial Oil Company, Limited, are hereby notified that the Company has decided to make a new issue of 50,000 shares of the unissued capital stock of The Imperial Oil Company, Limited, and that each shareholder will be entitled to subscribe to his proportion of the said 50,000 shares at its par value of $100 per share, being a right to subscribe for one share to every five shares owned by him. No fractional shares will be issued in respect of any number of shares less than five.

Payment for the new stock will be due and payable at the Head Office of the Company, Sarnia, Ontario, or at the office of the Company at 56 Church Street, Toronto, Ontario, or at The National City Bank of New York, 55 Wall Street, New York, on or before the 27th day of December, 1917. If on or before the 27th day of December, 1917, subscription be not made and paid, the subscription privilege above set out will terminate.

The holder of any share warrant shall, at least two clear days before the 27th day of December, 1917, deposit the share warrant or share warrants at the Head Office of the Company at Sarnia, Ontario, or at the office of the Company, 56 Church Street, Toronto, Ontario, or at The National City Bank of New York, 55 Wall Street, New York, together with a statement in writing of his name and address, whereupon he shall, at the expiration of two days thereafter, receive a certificate entitling him to subscribe for the number of shares allotted to him and to have issued and receive a certificate therefor in the same way as if he were a registered shareholder of the Company in respect of the shares specified in said certificate.

The books of the Company for the transfer of shares will be closed from the close of business on the 14th day of December, 1917, to the close of business on the 31st day of December, 1917.

W. T. McKEE,
Secretary.

Robert Cassels W. G. H. Browne

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MONEY, BANKING AND EXCHANGE

EASTERN CITIES STILL SHOWING A FALLING OFF

Only Five Cities in the East Report Increases in Clearings.

DOMINION LOWER BY 7.8 %

Western Cities Show a Small Increase—Winnipeg's Total is Lower by 7.0%; Lethbridge and Medicine Hat Also Decreased

Bank clearing returns, as reported to THE FINANCIAL POST, for the week ending Thursday last totalled $241,269,720, compared with $248,166,516 for the previous week and $261,768,969 for the corresponding period in 1916. The decrease over the figures for 1916 is $20,499,249, or 7.8 per cent. Western cities showed a gain of 2.0 per cent., while in the East there was a falling off of 12.5 per cent. Both Toronto and Montreal showed substantial declines compared with a year ago, although as compared with the figures for the previous week Toronto shows an increase of $7,613,382. In the case of Montreal there was a decline of $20,630,084, or 22.8 per cent. The other cities in the East to show declines were: Ottawa, Hamilton, Quebec, St. John and Sherbrooke. In the West, Winnipeg showed a falling off of $3,920,265, or 7.0 per cent., while Lethbridge and Medicine Hat were the only other cities to report decreases. Fort William showed the largest percentage gain of 46.9 per cent. For the year to date the amount is $12,327,423,249, an increase of $1,869,529,304, or 17.8 per cent. Comparative figures follow:

WEEKLY BANK CLEARINGS
(In comparison with same week last year)

Eastern Cities.

	Dec. 20, 1917.	Change.	%
Montreal	$ 69,707,527	—$ 20,630,084	22.8
Toronto	61,295,067	— 300,883	.5
Ottawa	5,635,277	— 510,911	8.3
Hamilton	5,070,698	— 26,762	.5
Quebec	3,748,034	— 1,108,095	22.8
Halifax	2,985,319	+ 184,620	6.6
London	2,358,922	+ 203,965	9.4
St. John	1,852,191	— 237,511	11.4
Brantford	931,021	+ 160,957	20.9
Peterboro	682,386	+ 57,779	9.2
Sherbrooke	626,947	— 70,230	10.0
Kitchener	705,511	+ 33,125	4.9
Total, East	$155,598,900	—$ 24,244,030	12.5

Western Cities

	Dec. 20, 1917.	Change.	%
Winnipeg	$ 51,782,260	—$ 3,920,265	7.0
Vancouver	9,254,106	+ 2,308,678	33.2
Calgary	7,947,025	+ 1,450,503	22.3
Edmonton	3,410,359	+ 627,441	22.5
Victoria	1,655,616	+ 136,762	9.0
Regina	4,235,272	+ 702,437	19.8
Saskatoon	2,119,356	+ 141,540	7.1
Moose Jaw	1,613,103	+ 131,180	8.8
Ft. William	1,028,870	+ 328,490	46.9
Brandon	765,958	+ 45,536	6.3
Lethbridge	922,255	— 124,688	11.9
N. Westm'ster.	334,019	+ 29,669	9.7
Medicine Hat	602,621	— 112,502	15.7
Total, West	$ 85,670,820	+$ 1,744,781	2.0
Grand total	$241,269,720	—$ 20,499,249	7.8
Yr. to date	$12,327,423,249	+$1,869,529,304	17.8

U.S. BANK CLEARINGS

Bank clearings in the United States for the week ending December 13 aggregate $5,950,219,000, against $6,986,678,000 last week and $6,358,749,000 in this week last year, a decrease of 6.4 per cent. Following are the returns for this week and last, with percentages of change shown this week as compared with this week last year:

(000's omitted)

	Dec.13	I. or D.	Dec. 6
New York	$3,313,194	D 16.3	$3,983,470
Chicago	456,658	D 5.3	547,555
Philadelphia	343,126	I 17.5	407,268
Boston	287,827	I 7.0	317,065
St. Louis	143,915	I 5.4	175,685
Kansas City	183,282	I 47.2	179,482
San Fran'co	101,523	I 27.5	114,513
Pittsburgh	65,471	D 8.6	82,363
Cleveland	69,276	I 4.5	81,385
Detroit	51,246	D 4.6	55,094
Baltimore	42,059	D 13.3	50,186
Cincinnati	34,784	D 10.5	41,614
Minneapolis	35,116	D 6.5	42,899
New Orleans	57,406	D 27.0	62,054
Los Angeles	29,201	D 5.1	31,398
Omaha	42,897	I 41.1	46,992
Milwaukee	27,472	I 8.0	30,992
Atlanta	57,547	I 91.2	58,078
Louisville	23,482	D 29.8	24,195
Richmond	44,215	I 80.8	36,962
Buffalo	19,317	D 2.7	28,803
Seattle	27,178	I 43.6	27,227
St. Paul	17,910	I 17.8	20,052

MONEY

The money market, as evidenced by conditions in New York, continues firm, with call money ruling all week at 6 per cent. The time money situation shown no particular change. The supply is practically non-existent notwithstanding that money brokers are reported to be bidding 6 per cent. all the way from thirty days to four months on good industrial collateral and first-class names. Here and there some loan is negotiated for a nominal amount but the aggregate of such loans advanced in the course of a day does not exceed half a million dollars. Borrowers are bidding 5½ per cent. for mixed funds without meeting with any response. Institutions continue to decline to renew maturing loans in time, and either insist that the loans be paid off or converted into call commitments.

EXCHANGE

There has been a temporary scarcity of New York funds this week, which has forced up the exchange rate from 13/64 premium at the close of last week to 15/32 premium, the prevailing rate on Thursday and yesterday. The market has been quite narrow, buying emanating from only a few quarters. Buyers whose requirements were pretty well filled by the distribution of grain bills last week have again come into the market. The price at present looks pretty much like the top and, while there may not be much of a drop before the end of the year, there should at least be some reactions.

Demand sterling also had a run up during the week. Last Saturday quotations stood at 4.7512 to 4.7515 but on Tuesday there was a firming up to 4.7520 to 4.7525. On Wednesday and Thursday there was a reaction and yesterday the rate was back to where it started from. The movement was directly attributable to the steamer sailings in the middle of the week. Cables remained unchanged throughout.

Francs have been slightly weaker, dropping from 5.73½ to 5.74 for demand and from 5.71⅜ to 5.71½ for cables. Roubles on the other hand have been steady at around 12.50 for demand and 13.00 for cables.

MAY BE SOME DELAY

Some local banking houses report that their annual statements will be a little later than usual this year on account of the unfavorable mail connection between Canada and the Old Country. A large number of the banks have had to hold their reports awaiting the arrival of the London balance sheet, which is generally reported late this year in coming to hand. The larger banks and those which carry on a considerable European business, are the ones most affected by this phase of the war.

UNION

A. H. Logan, a former manager of the Bank of Ottawa, Emerson, Man., has been appointed manager of the Union Bank at Killarney, and enters upon his new duties at the first of the year. He has been in the Winnipeg office of the Union for several months.

BANK AMALGAMATION

Another important banking amalgamation has been announced, involving the National Provincial Bank of England, the Union Bank of London, and Smith's Bank, under the future title of the National Provincial and Union Bank of England, with a paid-up capital of £5,752,092, a reserve fund of £2,950,000, and deposits of £170,000,000.

The National Provincial Bank was established in 1833, and on Jan. 1, 1917, its subscribed capital was £15,900,000, paid-up capital £3,000,000, and reserve fund £2,000,000. The Union of London, and Smith's Bank was established in 1839. At the beginning of the year its subscribed capital was £22,934,100, paid-up capital £3,554,785, and reserve fund £1,150,000.

MONTREAL

At the meeting of the Bank of Montreal recently, Mr. C. R. Hosmer stated that forty-two per cent. of the staff was composed of women. In the course of a speech Mr. Hosmer said:

"We all know of the many changes that are constantly occurring in the personnel of the staff, owing to the large percentage who have so eagerly responded to their country's call; older and tried members being replaced by new and inexperienced ones, and yet the intricate work of the bank in its many ramifications throughout the country runs along smoothly.

"Many of us wonder how the staff copes with the deluge of extra work that the Victory Loan and other similar transactions threw upon them; that they do so efficiently is a great tribute to the management.

In replying on behalf of the management and staff, Sir Frederick Williams-Taylor made an interesting announcement regarding the present position of the staff of the bank owing to the number of men that had gone overseas.

As an indication of the extent to which our male officials enlisted, he said, I may mention that forty-two per cent. of our present staff are women clerks. Both our men and women clerks have worked ungrudgingly, early and late, with but the briefest holidays, actuated by a high sense of patriotism and by an admirable sense of duty.

TORONTO

The annual meeting of the shareholders of the Bank of Toronto will be held at the head office, corner King and Bay Streets, Toronto, on Wednesday, Jan. 9th, at noon.

STANDARD

E. V. Illsey, manager of the Standard Bank at Windsor, has been transferred to the branch at Hamilton as manager, and will assume his new duties on the first of the year.

HOME

R. G. Foster, formerly accountant of the Neepawa branch of the Home Bank, and who enlisted at the beginning of the war, is now a Lieutenant in Headquarters Staff in France.

Eugene Devereux, who was formerly on the staff of the Queen and Bathurst branch of the Home Bank at Toronto, is now employed on clerical work in the British Pay Office. He enlisted with the 10th Royal Grenadiers in August, 1914, but was transferred in Valcartier to the Royal Canadian Regiment, with which unit he served in Bermuda and afterwards for thirteen months in France until invalided to England.

ROYAL

E. Monk, for some time on the staff of the Royal Bank of Canada at Ladysmith, B.C., has been transferred to the branch at Chilliwack.

MERCHANTS

A. S. J. Galloway, manager of the Merchants Bank of Canada, at Humbolt, Sask., has been transferred to the branch at Melville, being succeeded at Humbolt, by A. M. McGlashan, of Morris, Man.

BANK OF ENGLAND

The weekly statement of the Bank of England shows the following changes:—

Total reserve	Dec.	£1,042,000
Circulation	Inc.	1,103,000
Bullion	Inc.	60,675
Other securities	Inc.	3,578,000
Public deposits	Dec.	3,490,000
Other deposits	Inc.	5,975,000
Notes Reserve	Dec.	898,000
Government securities	Dec.	76,000

The proportion of the bank's reserve to liability this week is 18.66 per cent.; last week it was 19.58 per cent.

HOCHELAGA BANK GAINS $10,000,000 IN ASSETS

Earnings Increased $3,000,000 and Circulation Nearly $2,000,000—Liquid Assets Stronger.

The Banque d'Hochelaga, in its annual report this week, has fallen into line with the others reported so far in largely increased assets, deposits, and circulation, and an advance in profits. The assets have grown from $41,861,527 last year to $51,429,047, which is an increase of nearly $20,000,000 as compared with 1913. The demand deposits have increased by $953,564 and savings by $3,175,890. The net profits for the year are $565,633, an increase of $19,422 over 1916, representing a percentage on paid-up capital of 14.13 as against 13.68 for 1916, and 13.25 for 1915.

The profit and loss account stands as follows:

Profit and Loss

	1917	1916
Prev. bal.	$ 42,711	$ 40,622
Profits	565,433	546,011
	$608,144	$586,633
Dividends	$360,000	$360,000
War Tax	40,000	36,386
Premises	25,872	22,536
Patriotic	12,250	10,000
Pension	5,000	5,000
Investments	120,000	110,000
Total Ded'n.	$563,122	$543,922
Balance	45,022	42,711

Of the increased assets of $9,567,520, increases in savings offset by $3,175,890 and demand deposits by $953,564. The liquid assets show a marked improvement, increasing from $15,977,631 to $22,584,429 or from 38.82 to 43.9 per cent. Current loans have grown from $23,535,024 to $26,010,267.

Assets	1917	1916
Specie	$ 398,786	$ 392,592
Dom. Notes	4,267,951	3,953,467
Cheques, etc.	5,724,265	5,067,091
Securities	10,511,017	4,878,425
Call Loans	1,682,408	1,686,053
T'tl Liq. As'ts	$22,584,429	$15,977,631
Curr. Loans	$26,010,267	$23,535,024
Bank Prem.	1,619,257	1,557,402
Total Assets.	$51,429,047	$41,861,527
Liabilities		
Circulation	$ 6,099,742	$ 4,154,382
Dem. Dep.	6,291,798	5,338,234
Savings	27,418,195	24,242,305
Liab. to Pub.	43,591,961	34,023,980
Liab. to Share	7,837,086	7,837,547
Total Liab.	$51,429,047	$41,861,527

THE PENNY BANK

Children Spend Too Much on the Movies

The report of the Penny Bank for the months of September and October show a considerable increase over the corresponding months of last year. But Prof. MacKenzie, manager of the bank, thinks it could and should be larger.

"During October, 1917, the children of Toronto deposited $22,607 in the Penny Bank. That seems a large amount, but I was told yesterday by a Social Service worker, who has been investigating the moving picture shows, that that is less than one-half of the amount spent by children at these cheap movies during the same period."

During the first two months of this term $38.325 was banked in Toronto. This is $5.550 more than last year. In the whole Dominion some $53,000 was deposited, and this is also much in excess of last year's amount for the same months.

UNLISTED SECURITIES

	Bid.	Asked.
Abitibi Power, com.	40.00	46.00
Atlantic Sugar, pref.	27.00	30.00
Belding-Paul, pref.	72.00	74.50
Brompton Pulp	.....	39.00
Black Lake, com.	1.00	4.00
Do., pref.	.....	4.00
C. P. R. Notes	.....	103.00
Carriage Factories, com.	15.00	.....
Can. C. & F. Mill	.....	.90
Can. Machinery, pref.	45.00	51.00
Dom. Permanent Loan	68.00	70.50
Dom. Power, pref.	90.00	95.50
Eastern Car 6's	92.00	96.00
Ford Motor	140.00	165.00
Home Bank	62.00	65.50
Macdonald, pref.	80.00	85.00
National Drug, 7%	85.00	.....
North. Crown Bank	65.00	.....
People's Loan	85.00	92.00
Sovereign Life	10.00	18.00
Stand. Reliance ($50 par)	47.00	50.00
Sterling Coal, com.	8.50	10.50
Do., 6's	70.00	72.00
Steel & Rad., com.	.....	15.00
Do., pref.	.....	60.00
Toronto Paper, 6's	85.00	90.00
Trust & Guarantee	83.00	87.00
Universal Steel	.....	20.00
Wes. Can. Flour 6's, 1931	94.00	97.00
Wes. Can. Power 5's	[illegible]	[illegible]

THE ROYAL BANK OF CANADA
INCORPORATED 1869

Capital Authorized - - $ 25,000,000
Capital Paid Up - - 12,911,700
Reserve and Undivided Profits. 14,564,000
Total Assets - - - - 335,000,000

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NEW YORK CITY
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SAVINGS DEPARTMENT AT ALL BRANCHES.

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If you are, and desire to be relieved of the detail work of the Estate, we would be pleased to act as your Agent. The law gives you the right to employ us, and our charges are very moderate.

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TORONTO OFFICE: ROYAL BANK BLDG.
J. F. Hobkirk, Manager

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TORONTO BRANCH - - - - - - - - - - 59 YONGE ST
BRUCE L. SMITH - - - - Manager

The Standard Trusts Company

Dividend Number 27

NOTICE is hereby given that a dividend at the rate of 9% per annum upon the paid up capital stock of the Company has been declared for the half year ending December 31st, 1917, and that same will be payable at the offices of the Company on and after January 2nd, 1918.

The Stock transfer books will be closed from the 16th to the 31st of December, both days inclusive.

By order of the Board,
WILLIAM HARVEY,
Managing Director.
Winnipeg, Man., Dec. 1st, 1917.

The most important document a person of large or small means is called on to prepare is his

LAST WILL AND TESTAMENT

It means the happiness and welfare of those most dear.
Ask for booklet: "Make Your Will."
CAPITAL ISSUED AND SUBSCRIBED $1,171,700.00
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Over 200 Corporations, Societies, Trustees, or Individuals have found our Debentures an attractive investment. Terms one to five years.

THE EMPIRE LOAN COMPANY, Winnipeg, Man.

THE
Toronto General Trusts Corporation

DIVIDEND NO. 86

Notice is hereby given that a dividend of two and one-half per cent. (2½%) has been declared upon the paid-up Capital Stock of this Corporation for the quarter ending December 31st, 1917, being at the rate of 10 per cent. (10%) per annum, and that the same will be payable on after the second day of January, 1918.

The Transfer Books of this Corporation will be closed from Saturday, the 22nd December, to Monday, the 31st December, both days inclusive.

By order of the Board.
A. D. LANGMUIR,
General Manager
Toronto, December 4th, 1917.

NEWS AND VIEWS FOR MANAGERS

UNNECESSARY TO MAKE SPEECHES TO THE FARMERS

How Managers May Succeed in Relations With the Individual

DISTRIBUTING CALENDARS

A Factor in Maintaining Good Feeling and in Bringing New and Old Customers to the Branch Office

Poor preachers often make good pastors. There are personalities which have greater appeal to the individual than to the multitude. The bank manager who would make a success of his relations with the farmers of the community in which he is located need not necessarily do so by public appearances; there are those who have made just as great headway by getting on friendly terms with the individual. This is submitted in view of what I learned this week from a branch manager who during the past seven years has successfully built up his farm account business by the personal contact route despite the fact that he does not like functions and that the general developments in the district have not been favorable.

"I have been reading your column carefully," he said, "and I quite agree with the opinions which have been expressed that the best method to develop accounts in the agricultural community is by personal relations with the farmers. In fact a couple of weeks ago you gave the experiences of a manager which in many respects might have been my own."

I appreciated that he meant that he credited his success to the fact that he had banked on personality, as it were, and that his department had grown because he gave the farmers those little attentions which go so far to establish and maintain such business relations. However, I felt that though this manager might have proceeded along the same general lines as the one whose experiences had been previously given there would undoubtedly be a difference in their methods. They represented two distinct personalities and this apart from the fact that the same conditions are not encountered in different communities. This manager revealed a difference of method when he said:

"No, I do not make a practice of attending the public functions in the districts around town. As a usual thing that means that the visitor is called on to make an address and I have never felt that my efforts in that line have made any great impression. I do not like crowds. My success with the farmer has been by getting on friendly terms with him personally; I have never had any difficulty in making headway with the individual. Either in his own home or in the office here I endeavor to give him every little attention, to smooth out all the little difficulties which banking presents to those who know little of its systems, to give him the benefit of my advice on financial or other matters with which I am in touch and to make him feel at home when he comes through the plate glass door."

"Selling" Personal Service

This manager's experience and success might well be an example to others who may not be gifted in making public addresses or who are diffident about joining the crowds at various functions and would yet like to get on better terms with customers and prospects in the community. He made friends in a quiet way but those friendships were reflected in his savings department. Even as we discussed these matters he had one eye for the outer office—practically the whole of which could be seen well enough to distinguish individuals through the curtained door which he faced—and several times he excused himself to go to the door and pass the time of day or condition of the weather with a customer. "I try to speak to as many as possible of those who come in," he explained, "even though at times I may have to make an excuse to leave a customer for a moment to exchange salutations with another."

In this case the personal service of the manager was used to advantage to counteract influences which had a tendency to take accounts out of the town which is not far from a large city. In recent years the farmers of the district have been dealing more and more directly with the city markets and they have been doing their banking with the branches which have been stretching out to the suburbs for their accommodation. There is an advantage of price in the market for their products which recompenses them for the longer haul and the tendency is to bank where sales are made.

"I have no buyers' accounts here," said the manager, "to use as business wringers as was the case with the manager you referred to some weeks ago. The city has taken away our market and the buyers also. I have considered the situation time and time again but have come to look upon the change as a development of changing conditions and have found no better method of holding accounts or securing new ones than the establishment of personal relations as I have described. My idea is to make the farmers like to come here and I think I am succeeding."

Making Use of Calendars

At this season of the year when new calendars are being distributed the question of their value is well worth considering. There are no doubt different opinions but I recently encountered a manager who was convinced that the yearly distribution was one of the most important methods at his command for keeping on good terms with the farmers.

"Every farmer likes a good serviceable calendar — or several of them," he explained, "and at the end of the year they will look for another from the same source to replace it. I have learned this from experience. In fact sometimes I drop some names and it is usually not long before there is a complaint. In many cases the neglected ones will come in and there is a chance to get acquainted."

He did not say that he might sometimes leave a man off the list for the purpose of getting him to come to the office but I rather imagine that this idea which I mentioned was not new to him. Further, he told me that it would be possible to bring farmers to the office by sending out cards stating that there was a calendar waiting for them if they would be kind enough to call for it when next in town.

As with the calendars so with the small notebooks which are sometimes distributed by banks. This manager stated that he had known farmers to carry these books year after year and to look for them consistently at New Year's.

BANK OF ENGLAND

Lord Cunliffe to be Succeeded by Sir Brien Cockayne

LONDON.—The possibility, even probability, that the comparatively near future would bring a change in the supreme direction of the Bank of England had been often whispered lately in the highways and byways of the City—the famous square mile which contains the generating stations of Britain's credit power. Because the event was not unexpected, the announcement last week that Lord Cunliffe, the Governor of the Bank, would retire in April next created no great stir in circles where its significance was most appreciated. His successor will be Sir Brien Cockayne, the present Deputy Governor, and he, in turn, will be succeeded by Montagu Collet Norman.

Lord Cunliffe's term at the Bank has no precedent. He has occupied the position longer than any other Governor, and it is a mere commonplace now that history affords no parallel to the events which in the financial sphere will be associated with his name. In the ordinary course Lord Cunliffe (he was Mr. Walter Cunliffe at the time) would have vacated his post in April, 1915, but the Court, with the acquiescence of the Government, believed that the national interest would be served by continuity of control, and thrice Lord Cunliffe was re-appointed to the position. During the Baring crisis the Right Hon. William Lidderdale served one year beyond the normal, and subsequently David Powell acted for a similar period of three years, but these are believed to be the only occasions on which the two years' Governorship, sanctified by custom, has been exceeded.

NOVEMBER STEEL ORDERS

An Improvement in Business For Structural Purposes

Steel fabricators are much encouraged by the report issued by the Bridge Builders' and Structural Society that orders taken in November aggregated 138,600 tons, equivalent to 77 per cent. of shop capacity. These are the largest orders for any single month during the year, and are within one per cent. of the bookings in November, 1916. Since January 1 fabricated structural steel orders have amounted to nearly 1,100,000 tons, and the total for 1917 is expected to reach 1,220,000 tons, of which approximately 1,000,000 tons have been taken on Government account, either directly or indirectly.

TEACHING THRIFT TO CHILDREN IN SCHOOLS

Some Advanced Ideas as to Getting the Child to Save.

SCHOOL BANKS ADVOCATED

American Writer Suggests That Every School Should Take Steps to Encourage Saving by the Scholars

By AUGUSTUS LUDWIG
In "Banker's Magazine"

Thrift and conservation are words heard in every town and city at present. From all sources, municipal, state and national, comes the appeal to save, to economize, to conserve. And yet, how much of this teaching will produce results, other than a spasmodic attempt at retrenchment due to the influences of the chaotic conditions brought about by the war? How much of the propaganda for the encouragement of thrift will hold over for at least a brief period after the war? You cannot change the ideas and the ideals of a people over night and no amount of legerdemain will suddenly transform our people into a nation of thrifty and wasteless citizens.

In order to produce and evolve a virtue for a whole people, one that will be a part of its citizenship, we must go to the school and begin with the children.

When the authorities of the state agricultural schools wanted to introduce reforms in farming and stock-raising by the use of tested, scientific methods, they enlisted the boys and the girls through the agency of the rural schools, and many a youngster, as a result of this teaching, has raised crops that has put the father's haphazard methods "in the shade."

The history of the evolution of the school gives added proof from another point of view. Chronologically, the universities are the oldest organized secular schools; later, the colleges; then the high schools and in the course of decades there came the elementary schools, and comparatively recently, the kindergarten. But even the latter did not make use of the child early enough. Pre-kindergarten or nursery schools have been tried. The inevitable conclusion is, that in education, we must begin as soon as it is practicable to do so—and that means almost as soon as the child can profit by the instruction, i.e., approximately when he is four years of age.

The banker, on the other hand, has been content to teach the elements of his business to adults only, neglecting in the meantime the unusual opportunities offered by teaching the children. What proportion of our adult population make use of the savings bank? What proportion understand its function and its method of doing business? How successful has the teaching of the banks been in leading people to use them? To put it another way, how successful has the savings bank been in inculcating the elements of thrift in the life of the community?

A Modern Educational Tendency

One pronounced modern tendency in education is to introduce into the elementary school the rudiments of those processes in our daily occupations that are common to a large group of the community. The curriculum of the school a century ago consisted almost entirely of reading, writing and arithmetic. No one could get along at that time with any degree of success without that fundamental knowledge, but we are beginning to realize that that is not enough. The modern course of study is being enriched by the heritage of the past; so that in the modern school, there will be subjects of study, representative of our scientific, literary, institutional, aesthetic and religious inheritances. Within this five-fold contribution will be grouped all the material of instruction of the modern school, from the kindergarten through the university, but each of these phases has not been developed to an equal extent. Except for the teaching of the broad principles of ethics, the public school has not trespassed upon the religious inheritance; on the other hand, the literary contribution has been over-emphasized with the result that book knowledge has dominated the entire curriculum. Slowly but steadily, however, the practical arts have been introduced so that to-day we have one or more of the following activities: various shops and studios in which the child learns to do by doing—shops for work in wood and iron; domestic science including dietetics, practical nursing and housekeeping; sewing, including simple design of costumes and millinery; drawing and design as a basis of the decorative arts; and in the pre-vocational schools in New York City, the elements of tinsmithing, plumbing, electric bell wiring and installation, machine shop practice, etc.

The time is coming when every school house will conduct a savings bank as part of its regular work, where the pupils may learn the value of thrift by actually depositing their pennies and nickels themselves. When a pupil has a total deposit of at least five dollars, he should be encouraged to open an account in his own name in a state savings bank, and then begin to save his second five dollars in the school bank. A child who has learned this lesson will become a depositor when he is an adult. In this way, the school will do its share in teaching the lesson of thrift to all the people, which means more business for the banker, more savings for the people, and more resources for the nation.

THE BANK OF OTTAWA

FORTY-THIRD ANNUAL MEETING

The Forty-third Annual Meeting of the Shareholders of the Bank of Ottawa was held at its banking house in the City of Ottawa, at 3 p.m., on Wednesday, the 19th inst.

The President, Hon. GEORGE BRYSON, in the chair.

REPORT OF THE DIRECTORS

The Directors beg to present the Forty-third Annual Report, showing the result of the Bank's business for the year ended 30th November, 1917:

Balance at credit of Profit and Loss Account, on 30th November, 1916, was	$118,179.64	
Profits for the year ended 30th November, 1917, after deducting all expenses of management and making necessary provision for interest due to depositors, unearned interest on current loans and all bad and doubtful debts	616,238.77	
		$734,418.41
Appropriated as follows:		
Dividends Nos. 102, 103, 104 and 105, being at the rate of 12% per annum	480,000.00	
Special Reserve for contingencies	100,000.00	
War Tax	40,000.00	
Contribution to Canadian Patriotic Fund	10,000.00	
Contribution to Officers' Pension Fund	10,000.00	640,000.00
Balance carried forward at credit of Profit and Loss account		94,418.41

The Directors have to record, with deep regret, the death of two Directors: Mr. Denis Murphy, who was elected to the Board in 1894, and Sir Henry N. Bate, elected in 1902. The vacancies on the Board have been filled by the appointment of Mr. M. J. O'Brien, of Renfrew, and Hon. George Gordon, of North Bay.

During the year a branch was opened at Kirkland Lake, Ont., and sub-offices at Inkerman, Ont., and Calumet, Que., and the sub-office at Brownburg, Que., was closed.

The Head Office and branches have been inspected during the year.

All of which is respectfully submitted,

GEORGE BRYSON, President.
D. M. FINNIE, General Manager.

After remarks from the President and General Manager, the adoption of the report was moved and seconded by the President and Vice-President and carried unanimously.

A motion re-appointing Messrs. A. B. Brodie and D. McK. McClelland, members of the firm of Price, Waterhouse & Company, auditors for the current year, was passed.

The Scrutineers reported that the members of the old Board had been re-elected. At a meeting of the newly-elected Directors, held subsequently, the Honourable George Bryson was elected President, and Mr. John B. Fraser, Vice-President, for the ensuing year.

GENERAL STATEMENT OF LIABILITIES AND ASSETS

AS ON 30th NOVEMBER, 1916 and 1917

LIABILITIES

	1916		1917	
Capital Stock paid in	$ 4,000,000.00		$ 4,000,000.00	
Rest or Reserve Fund	4,750,000.00		4,750,000.00	
Dividends declared and unpaid	120,450.00		120,486.00	
Balance of Profits as per Profit and Loss Account. .	118,179.64		94,418.41	
		$ 8,988,629.64		$ 8,964,904.41
Notes in Circulation		4,708,835.00		6,142,845.00
Deposits not bearing interest	8,083,617.73		7,543,808.58	
Deposits bearing interest, including interest accrued to date of statement	34,780,505.74		41,419,646.23	
		42,864,123.47		48,963,454.81
Balances due to other Banks in Canada...........		34,910.76		20,246.93
Balances due to Banks and Banking correspondents in the United Kingdom and foreign countries		125,964.67		498,798.42
Acceptances under Letters of Credit		54,319.28		7,288.33
Liabilities not included in the foregoing		132,305.74		174,221.81
		$56,909,088.56		$64,771,759.71

ASSETS

	1916		1917	
Current Coin held by the Bank	$ 1,275,510.52		$ 1,017,965.08	
Dominion Notes held	2,232,840.75		3,037,808.25	
Deposit in the Central Gold Reserve	600,000.00		2,150,000.00	
Notes of other Canadian Banks	422,600.00		446,355.00	
Cheques on other Banks	1,945,831.43		2,157,664.45	
Balances due by other Banks in Canada	756,352.37		1,795,970.24	
Balances due by Banks and Banking Correspondents elsewhere than in Canada	1,980,551.70		2,125,306.69	
Dominion and Provincial Government Securities not exceeding market value	5,482,570.97		9,209,141.26	
Canadian Municipal Securities and British, Foreign and Colonial Public Securities other than Canadian	10,226,716.49		12,137,699.12	
Railway and other Bonds, Debentures and Stocks not exceeding market value	668,819.20		660,330.75	
Call and Short (not exceeding thirty days) loans in Canada on Bonds, Debentures and Stocks. .	2,106,635.00		1,712,145.87	
		$27,698,428.43		$36,450,386.71
Other Current Loans and Discounts in Canada (less rebate of interest)		24,666,966.26		24,285,834.96
Loans to Cities, Towns, Municipalities and School Districts		1,662,614.12		1,236,671.34
Liabilities of customers under Letters of Credit as per contra		54,319.28		7,288.33
Real Estate other than Bank Premises		202,914.89		206,954.49
Mortgages on Real Estate sold by the Bank		36,137.34		47,154.32
Overdue Debts, estimated loss provided for		507,647.54		415,788.95
Bank Premises at not more than cost, less amounts written off		1,757,852.19		1,805,553.70
Deposit with the Minister for the purposes of the Circulation Fund		212,180.00		210,000.00
Other Assets not included in the foregoing		110,028.51		106,126.91
		$56,909,088.56		$64,771,759.71

165
35
200

GEORGE BRYSON, President.
D. M. FINNIE, General Manager.

To the Shareholders of the Bank of Ottawa:—

We have examined the books and accounts of the Bank of Ottawa at its Chief Office and at five of its principal branches, and have been duly furnished with certified returns from the remaining branches, and we find that the above statement of Liabilities and Assets at November 30th, 1917, is in accordance therewith. The Bank's investments and the securities and cash on hand at the Chief Office and at the branches visited were verified by us as at the close of business, November 30th, 1917, and in addition we visited the Chief Office of the Bank during the year, when we checked the cash and verified the securities and found them to be in agreement with the books. We have obtained all information and explanations required, and all transactions of the Bank which have come under our notice have, in our opinion, been within the powers of the Bank. And we certify that the above statement of Liabilities and Assets as at November 30th, 1917, is properly drawn up so as to exhibit a true and correct view of the state of the Bank's affairs, according to the best of our information and the explanations given to us, and as shown by the books of the Bank.

A. B. BRODIE, C.A.,
D. McK. McCLELLAND, C.A., } Members of the firm of Price, Waterhouse & Co., Chartered Accountants
Auditors

Ottawa, 12th December, 1917.

DISCOUNTS IN U.S.

To discourage inflation and promote sound business conditions, the United States Federal Reserve Board has approved a general increase in discount rates of about one-half per cent. for most of the 12 Federal reserve banks.

On 15-day paper, including member banks' collateral notes, the new rate is four per cent. for all banks except at New York, where it is three per cent. For 15 to 60-day paper, the new rate is 4½ per cent. for all banks except at New York, where it is four per cent., and Chicago and Minneapolis, where it is five per cent. Formerly rates on this paper ranged between 4 and 4½ per cent.

For agricultural and live stock paper over 90 days the new rate is five per cent. except for Richmond, where it is 4½, and Chicago, St. Louis, Minneapolis, and San Francisco, where it is 5½ per cent.

Little change has been made in 15-day paper secured by certificates of indebtedness or Liberty bonds, the rate remaining at 3½ per cent. for all banks except at New York where it is 3 per cent. For 15 to 90-day paper of the same class, the new rate is four per cent., except at New York, where it is 3½ per cent.

Trade acceptances, one to 60 days, now bear four per cent., except at New York, Chicago, Dallas, and San Francisco, where they bear 3½ per cent. The former general rate was 3½ per cent. For 60 to 90-day acceptances the new rate is four per cent., except for New York, where it is 3½ per cent.

Soo Line in 10 months ended October 31 decreased net after taxes $2,460,000 or 36 per cent., while Chicago Division's operating income fell off $597,000 or 14 per cent.

THE FINANCIAL POST
OF CANADA

President - - - - - - JOHN BAYNE MACLEAN
Vice-President - - - - - - - - H. T. HUNTER
Manager - - - - - - - - - R. G. DINGMAN

A weekly newspaper, presenting in a popular manner reliable information respecting investments and financial affairs in Canada.

No paid advertising, other than annual reports or official notices of corporations, will be inserted in the news columns unless marked "Advertisements."

Advertising matter is investigated before publication, and none of known questionable character is accepted. Acceptance of advertising will not deter the editorial department from making such comments as the situation may demand.

ADVERTISING RATES:

Single insertion	$ 1.75 per inch
Yearly insertion	50.00 per inch
Financial Reports, Debenture Notices, etc., 15 cents per agate line.	

SUBSCRIPTION PRICE:

Canada and Mexico	$3.00 per annum
United States	3.50 per annum
Great Britain, Ireland and Colonies having minimum postal rates	12s. 6d.
France and other Countries	16s. 6d.

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Toronto, December 22, 1917.

THE BANK YEAR

THE reports of the Canadian banks now coming to hand indicate the great extent to which the nation's financial machinery has been devoted to national operations during the year. In practically all the statements thus far made public the outstanding feature has been the increase in the holding of securities of the Canadian and British governments; in some cases as high as one-third of the bank's total assets are evidently thus represented. However, this national financing has been accomplished without materially reducing the funds available for commercial purposes although credits for stock operations have been curtailed. Generally speaking, the government investments are a counterbalance of the increased deposits indicating in a small circle the effect of war purchases on the funds of the people.

It should be pointed out in regard to the holdings of government securities that the statements referred to were for a period ending when the government advances were approaching their maximum. There will in the near future be an important re-adjustment through the funds raised by the Victory Loan. So far as the position of the banks is concerned, the statements to the end of November indicate materially increased profits and strengthened liquid position, a satisfactory reflection of operations in national finance.

THE FARM AND PROSPERITY

THE importance of agriculture as the great fundamental industry of Canada has always been recognized by THE FINANCIAL POST. Agriculture is to-day the greatest single factor in Canada's prosperity—it promises to be of even greater importance in this relation in the future. Further we have stood for the farmer's rights with regard to prices and advocated that the government raise them even higher than the market if necessary to ensure required production.

At the same time the farmer must recognize that he is profiting by the unusual conditions prevailing. As a whole there is probably no more prosperous class of people in the world to-day than the Canadian farmer with $2.21 wheat and other products priced to match.

No one seriously objects to the farmer's prosperity—a prosperous farming community is a dominant factor in a prosperous Canada. But what we do object to is the kind of talk given to the United Farmers of Ontario by R. H. Halbert, the president of that body, when he said that "Agriculture needed emancipation from a Kaiserism almost as tyrannical as the Kaiserism of Germany."

Mr. Halbert must have known that he was talking for effect—to create a sensation. In so doing he indicates a grave absence of appreciation of the responsibilities of the position of those who in such unsettled times are in the public limelight and whose views may be instrumental in guiding the opinions and actions of others. This is a time for cool and sane thought on the part of public leaders; such public utterances as those of Mr. Halbert are a menace to the spirit of national unity.

THROUGH THE MAPLE LEAVES—THE STARS AND STRIPES

COMRADESHIP and co-operation between Canada and the United States become more and more evidently the spirit of the present. It is a splendid spirit to cultivate. The best interests of the Dominion now, and for the future, depend to a very great extent upon the development of just this spirit. Since the war began we have several times pointed out the importance of this to Canada. Free-handed, whole-hearted friendliness between Canada and the United States cannot but benefit both great countries immensely. The good-will of the United States towards Canada is an asset to Canada which every Canadian can strengthen. In days ahead we want to welcome warmly to Canada the tide of American immigration. For the future development of the Dominion we shall welcome the friendly aid of American finance. These facts THE FINANCIAL POST has already frequently pointed out, but at this time particularly they are worth further emphasis.

In the past the United States Government and some American politicians—though never the people of the United States—have treated Canada badly. Canadians,—a high-strung, sensitive race,—resented this, and have objected to the display of American flags, and the playing of American national airs in this country. Gradually at first, of late more swiftly that old unfriendly feeling has departed. Canadians everywhere have welcomed the warmer spirit. The other evening at the Ontario Victory Loan success dinner—presided over by G. H. Wood of Wood, Gundy Co.—among the songs on the programme was "The Star Spangled Banner." Three years ago it would not have been permitted.

This splendid spirit of international friendship—the spirit in defence of which the whole fighting strength of the civilized world is to-day being exerted—wells up responsively from the United States to Canada in richest, most touching expression in connection with the terrible disaster at Halifax. Swift as the very echo of that devastating explosion came Uncle Sam's heartening shout: "Halifax, how can I help you?" And like a big strong man who pauses on his busy way to help a fire-stricken home, America sped free-handed, whole-hearted with welcome aid for our sorely stricken city. Those swift relief trains from Boston and the State of Maine, perishing women wrapped warmly in American blankets, new made orphans nourished with American supplies, little hurt, frightened, motherless babies soothed in the arms of American nurses—Canadians can never forget. And in President Wilson's request to Congress for a grant of $5,000,000 for Halifax there speaks the great heart of the great American nation.

On the other coast Washington, Oregon and British Columbia have joined in the formation of the Pacific North-west Tourist Association to advertise "Our International Playground." Each American State contributes $45,000 and B.C. $22,500. We ought to get far more than the United States out of this arrangement.

COAL AND POWER RELATIONS

THE pilgrimage of the Fuel Controller and representatives of the Manufacturers' Association and the Canadian railroads to Washington to appeal for consideration for Canada's coal needs under the priority shipping regulation recently put into effect again emphasizes the extent to which we are dependent upon our Southern neighbor and the importance of the maintenance of those close relations which have been developing to meet the exigencies of war. It was well indeed for the success of the mission that the recent proposal of Sir Adam Beck to cut off power being delivered to American industries under contract was never carried out.

The United States industrial plant is being strained to its capacity to increase the nation's efficiency as a force in the war and were power cut off from those industries it would certainly be reflected in a reduction of Canada's coal shipments; there would be a reduction on the basis of supply and demand even if no policy of retaliation were adopted. The Government at Ottawa wisely realized this and had the courage to tell the boss of Queen's Park that even he could not be allowed to muss up international relations. Sir Henry Drayton was appointed to smooth out the situation and he has been able to do so in a manner which must be regarded as satisfactory in view of the crisis which Sir Adam's administration is creating for the whole Niagara development.

Canada must have coal. We cannot afford to prejudice our case by repudiating power contracts. In fact, as pointed out in last week's issue by one of the largest hydro consumers in Canada, if the manufacturers of this country cannot get coal they will have little or no use for power. This coal vs. power question has become an important issue since it was first referred to in THE FINANCIAL POST in our issue of October 20th, from which we quote:

> It would only be a logical attitude for the United States to take that the coal supply of Canada should be curtailed if there is any effort to seriously interfere with the supply of power going south. If American industries in the Niagara belt got less power they will require more coal, and to supply more coal when there is a national shortage what would be more natural than that the shipments to Canada should be reduced?

THE CASE OF THE RAILROADS

THE crisis which has been reached in the United States with regard to coal and raw materials, is, THE FINANCIAL POST is informed by members of the deputation of investigation who have just returned from Washington, due as much if not more to the breaking down of the transportation system of the country as to actual shortage of supplies. The starving of the railroads under government rate regulation until they have reached a state where their equipment is worn out, where expenses are altogether out of proportion to income and where public confidence has been lost to such an extent that no new capital is available, has brought about a situation where heroic financial measures must be taken if the whole efficiency of the nation for war purposes is not to be seriously impaired.

With such an example before them it is hard to believe that the members of the government and the Railway Commission will much longer defer the granting of some measure of relief to the Canadian systems. Now that the election is over it is to be hoped that some immediate action will be taken. Canada with her great area, and dependent to such an extent upon her transportation facilities, cannot in justice to herself, to her industries and to the cause of the Allies afford to see the fabric of the transportation system worn down until it breaks.

From sources where more intelligent appreciation of the business principles of the issue might be expected comes the advice that the rates should be kept down, that the people can afford to face the losses which the Canadian Northern will suffer and that the other systems should be made to finance their own losses in order that we may have transportation at less than cost. This might seem a satisfactory solution—but it is a principle of all business that where service is given for less than cost there must be a loss. With the government system it could be patched up by drawing on funds raised by taxes; with the other roads it would be a case of confiscating the capital of investors. That is admitting, which no sane student of the situation will, that it is possible to give efficient public service with private capital for any length of time without showing some margin of profit.

Again, even admitting that for the time being it might be possible to keep rates at a level where profits would gradually reach the vanishing point, no one will argue seriously that under such conditions new capital can be brought in. And without profits or capital the process of disintegration of service must be expected to rapidly increase. Further, if a system like the Grand Trunk is to be brought to a basis where the investors lose hope of return on their investment where are the capital requirements of the future to be filled?

Canada's national efficiency demands that railroad service be maintained at a high standard and Canada's national credit demands that the interests of those who have invested millions in our enterprises be respected.

FROM "DESERT RAT" TO HEAD OF U.S. MINT

The Picturesque Career of Ray Baker Who Makes All of Uncle Sam's Money—Miner, Soldier, Politician, Diplomat

FROM "desert rat" to boss of Uncle Sam's mint is the remarkable "spread" of the career of a bright young American named Ray Baker. He now has charge of the manufacture of all the money that changes hands in the U.S.—and it is considerable—but the time is not far distant when he grubbed for gold in the desert. In between he has been a prison warder, a traveller, a soldier, a politician and a diplomat.

Something of his career is picturesquely told in the Pittsburg "Despatch" as follows:—

The love of adventure, inherent in young Baker, listened to the call of the wild. He became restive for the big outdoor life. His father had lived in Virginia City when the Comstock was unearthing its millions, when adventurers from all ends of the earth deemed it their Mecca, and a man had to be a man among men. Ray was born in Eureka, Nev., had spent some of his early years there, and when Tonopah, about one hundred miles south of Virginia City, was declared the second Comstock, the young adventurer took himself thither.

A young brother, Cleveland, had followed the footsteps of his father in the practice of law, and had located up in the mining-camp. It wasn't long after the arrival of Ray that Cleveland was elected District Attorney of Nye County, of which Tonopah is the country seat. The camp was set in most picturesque environments. There were good men and bad men, good women and bad, and good "bad men."

Ray Baker wasn't in camp a month before he was part of the picture of Western life at the frontier. He was on equally friendly footing with the big mine-owner and the dance-hall proprietor, and although he bought many a drink he never drank one. He was certainly a unique character in a wild town like that. He was ambitious to discover a mine of his own. He knew that that didn't mean a fortune overnight, but he had the best of backing among his influential friends in San Francisco.

A Picturesque "Desert Rat"

One afternoon, after the "rush" to Greenwater, where big deposits of copper were supposed to exist, Ray Baker, immaculate dresser and drawing-room paragon left Tonopah as the chauffeur of twenty burros to break a trail into Ubehebe, which he discovered in Death Valley. He was the most picturesque desert rat that ever went out of the camp. His big boots were laced over his khaki, into which was stuck a soft shirt. His sombrero was tilted, and a flowing red tie, a touch of the old life, or maybe of savagery, fell away from his throat.

It took a man of iron nerve to attempt a trip like that. He had been in Death Valley by automobile and had located his ground and said nothing about it. He was going now to secure the cream of the copper country, a stretch across the desert into the Funeral Range, forming one of the walls of Death Valley, and he had to break a new trail for one hundred miles of sandy waste and sage-brush. He had no guide and no companion save the burros.

For several months nothing was heard of Ray Baker, and then it was learned that "Jack" Saulsbury, one of the richest men in that section of Nevada, was associated with him, and big reports of the richness of the mines in the Ubehebe section, where Baker and Saulsbury had bought a claim, began to pour into Tonopah.

Then the 1907 panic broke and there was no demand for copper or anything else. This was followed by the Rawhide gold boom.

Ray was one of the first to get in, and located the "Windy Point" and "Dead Mule" claims. By and by Eastern people came clamoring for his claims. Both had good showings and Ray sold for a neat figure, bade good-by to the picturesque gold-mad camp, and went to Europe. One of the celebrities he met over there was Elinor Glyn. She was charmed with the tales the handsome young Hercules told of the West, and it goes without saying that his own deeds were clothed in modesty. The hardest thing to do with Ray Baker is to get him to talk of himself. But the author got his promise to show her a mining-camp when she "came over" in the following year.

He showed her Rawhide. But it wasn't the Rawhide that he had left. The gold hadn't "gone down" and there was very little money in the camp. But Ray came like his name, one from the sun, to the men who were trying to raise money enough to get home, to get somewhere. He was bringing, with the faomus author, Sam Newhouse, mining magnate, of Salt Lake, and a Count or a Prince or something from Paris. It looked like a chance to get some new money in the camp. Newhouse might take hold or a mine or two might be sold to the prince. The boys got busy and here's what happened:

Ray gave a dinner in the biggest restaurant that was left in camp. It was a good dinner, some chickens still being found and some wild celery; also good meat, canned salmon for salad, condensed milk for those who wanted it in their coffee. But there was wine, real wine, plenty of wine—wine which had been brought in for prospective millionaires who never millioned. The table was decorated with sage-brush and wildflowers picked from the hills.

After Rawhide Mr. Baker did the *Dolce far niente* in Reno. Reno—well, Reno is a pretty town through which flows the romantic Truckee River, and besides "Jack" Saulsbury, Ray's former partner, lives there. "Jack" has traveled, too. He came to New York and was recommended to the Waldorf-Astoria, but discovered that it wasn't so first-class after all. They don't keep condensed milk there.

A Hand in Politics

Then Mr. Baker tried his hand at politics. He went back to Tonopah to manage the campaign of his brother, who was running for District Attorney. "Cleve" won, and at the age of twenty-six he was the Attorney-General of the State.

When it came to the next fight in Nevada for United States Senator Mr. Baker managed Key Pittman's campaign. He went to Washington with Senator Pittman. George T. Marye, of Nevada, was appointed Ambassador to Russia. Mr. Baker went with him as confidential secretary and assistant. Mr. Baker saw whither the wind was blowing and plunged on "war-babies." Mr. Baker's judgment was profound.

His adventurous spirit found court life in Petrograd dull. He was too democratic to be continually kowtowing to czars and counts and dukes and other pre-revolutionary dignitaries. He wanted to go to the front to see what real war was like and they wouldn't let him. So he went anyhow and went again, despite the opposition of the aforementioned dignitaries. He saw something there the like of which he never saw in the wild and wooly West, and up to then he had imagined the frontier some life.

And now Ray Baker, desert rat, mining man, traveler, society man, good "bad man," political Warwick, court favorite, dabbler in "war-babies," and diplomat, is director of the Mint. And, he's a bachelor, handsome, and still in his thirties, eligible, doesn't drink, and with a bank-roll that would make Croesus turn over in his grave.

THE BAITING OF BIG BUSINESS

Western Paper Disposes of Some Popular Prejudices Regarding Consolidated Smelting

There are few more popular sports with press and public in these unsettled times than baiting big business. A consolidation of capital for efficient production seemingly causes a socialistic attitude towards this obvious wealth similar to that of a child who looks into a confectioner's window and believes that the owner has more than his share. The fact that big business is necessary for national production on a scale which will give the country a place in the world's markets in competition with the manufacturers of other nations is given little or no consideration. Canadian Consolidated Smelters through its efficient plants has been an important factor in finding a market for Canadian minerals, yet this concern is the target for popular disapproval in Western Canada. There is much talk about the concern and its methods, but rom the following article in the *Kootenaian*, published at Kaslo, B.C., it is evident that there is nothing more at bottom than popular prejudice.

"Around in this neck of the woods for sins of omission and sins of commission the Consolidated Mining & Smelting Co. is a popular scapegoat. The Canadian Pacific Railway is also a popular animal to heave bricks at.

"The *Kootenaian* is frequently approached by individuals with a request that it 'get after' the Consolidated and hand 'em a roast or two, just on general principles, as it were.

"Sometimes it is mining men who want to see some editorial bricks heaved at the head of the local smelting trust; sometimes it is old prospectors who believe that the entire silver-lead belt is being crushed to a fare-ye-well so that the trust can finally own every claim in it. Then there is an element that is always on the grouch and has it in for the Consolidated on the same general principles that forces them to be 'agin' whatever brand of government happens to be on tap.

"The trouble is that everything is so indefinite. None of these people are able to substantiate any statement they make at all with regard to wrong doings of the big smelter. There are all kinds of rumors, but that is all. Of course individual shippers are continually having scraps with any smelter about ore settlement and all that, so that it is a common experience.

"Often when a mining man has a real or fancied grievance against the smelter and he tells the editor all about it, he will be very careful to caution the latter to leave his name out of it. Oh yes, that's great dope to get after anything on. Fine, isn't it, to do some muck-raking and if it comes to a showdown not have a single thing to back it up?

"Backboneless" Mining Men

"The trouble with most of the mining men in this section is that they are a backboneless lot of shrimps, as thoroughly disloyal to home interests as they can be, thinking of nothing but their own personal interests, indifferent to any move that would result in a closer movement and co-operation among themselves and willing in most cases to ditch a neighbor for a slight personal gain.

"What some of the mining men in this part of the country ought to do is to learn a little co-operative action and not be afraid to back up anything they say or are prepared to say about any abuses they may believe to exist. Perhaps if they can learn that much they can accomplish a little something in the direction of their own salvation without depending so much on a struggling weekly newspaper, the government, or God to do it for them.

A Smelter Trust Which Has a Cinch

"As for the Consolidated Mining & Smelting Co. of Canada, Ltd., the Kootenaian does not hesitate to say that it is a trust—a regular smelter trust—and has a cinch. That is all the evidence it has to go on at present. If anyone else has other evidence of wrong doing and will dish it up and can prove it, then we could get after the trust on that basis and perhaps make the layout sit up and take notice.

"Trust notwithstanding, it must be admitted that as a whole silver-lead producers on this side of the line have fared better under the Consolidated than the producers of similar metals on the other side of the line have got along under the Guggenheims. The Consolidated has opportunity to work a bigger cinch game here than the Guggs do over there, but after all the Consolidated does not do so. Also it is surprising in view of the opportunities that the Consolidated has for working a real cinch over here that they don't do a whole lot worse by the producer. We know of just about 99 individuals out of 100 who if they had the smelter concern's ability to cinch things, would show even the Guggs and Pat Burns a few things on how to work a cinch game.

"Oh, yes, the Consolidated is a bad outfit all right, but at the same time it must be admitted that if it hadn't been for the Consolidated establishing a big custom plant at Trail, and having the necessary capital and ability to do it, there would hardly be one single mine working in the whole of West Kootenay to-day.

"The Consolidated has a cinch all right, but many people should be thankful that it is not worked a darn sight harder than it is."

PERSONAL

G. H. SMITH, president elect of the International Petroleum Company, succeeds Walter C. Teagle, who was recently made president of the Standard Oil Company of New Jersey. Mr. Smith has been vice-president of International.

LIEUT. TRAVERS WILLIAMS-TAYLOR, son of Sir Frederick Williams-Taylor, general manager of the Bank of Montreal, is reported to friends in New York as being a prisoner in Turkish hands at Wherat. As reported some time ago, Lieut. Williams-Taylor has been missing for a considerable period. Companions reported that he had been wounded during an engagement but that later no traces of him could be found. Friends will be glad to learn that he is alive and safe although a prisoner.

GEORGE H. KELLY, who has been appointed flour buyer for the British Government in Western Canada, operating through the Wheat Export Company, with charge of all buying of flour for Britain and her Allies from the Great Lakes west to the coast, is well known in Canadian milling circles and has recently been conducting a successful mill supply business in Winnipeg. He entered the milling industry about twenty-eight years ago in Winnipeg with the Ogilvie Flour Mills Company and from the mills of that company went to the Lake of the Woods at Keewatin and spent twenty years in different positions in the service of that company. He rejoined the Ogilvie Company some years ago and superintended the erection of the new mills at Medicine Hat.

JOSEPH HOBSON, whose death took place this week at Hamilton, was for many years chief engineer of the Grand Trunk Railway and will long be remembered in Canada as the engineer of the St. Clair Tunnel. In connection with this engineering accomplishment he was offered a knighthood, but refused it. The rebuilt Victoria bridge, over the St. Lawrence at Montreal, one of the longest in the world, was another monument to his engineering ability. Born near Guelph in 1833, deceased completed his education in Toronto, and as a young man started work in connection with railroad construction. He rose rapidly in his chosen profession and in 1870 was appointed bridge engineer of the southern division of the Grand Trunk, formerly the Great Western, and in that capacity had charge of the International Bridge from Buffalo to Fort Erie and the replacement of the old Suspension Bridge below the Falls at Niagara. Robert Hobson, president of the Steel Company of Canada, is a son.

LORD CUNLIFFE will end his long term of governorship of the Bank of England next March, after five years' tenure of office covering a period momentous in the history of the country and of the bank. Holding such an office at such a time he has inevitably been criticized, and it is possible that some of the criticism will be endorsed when in happier days we can look back on the events of the last few years, and review them in their true perspective. No strong man could have been Governor under such conditions without making mistakes. Mistakes could only have been avoided by a weak man who did nothing. Lord Cunliffe saw that things had to be done, and done quickly, and he had the strength to do them, brushing aside formulas and conventions, and dealing with difficulties in hearty sword-and-buckler style. He is one of the figures who will stand out big among the crowd of rather little people who have guided the destinies of a great people at a great crisis. Gifted with indomitable courage and a sense of humor, he has worked like a Trojan, and few men could have so long stood the strain of the responsibilities which the Autocrat of Threadneedle Street assumed. Perhaps the most important work, from the point of view of the future, that he has done is the knitting of close relations between the Bank of England and the United States Federal Reserve system.

THE LOAN AND ECONOMY

Bank of Commerce *Letter*

The payment of so large an amount (the Victory Loan), so widely distributed and extending over several months, may be expected to curtail personal expenditures very considerably. Economy will be necessary to enable large numbers to meet their payments, and this is wholly desirable. The purchasing of unnecessaries, usually so general at this season, it is hoped will be considerably curtailed. So much that is bought at Christmas time is of foreign origin, and the proportion which is produced at home employs labor that from a national standpoint could be employed in work which would add to our effectiveness in the war. This self-imposed obligation to save should also result in greater economy in the use of food and clothing, and thus aid further in the conservation of our resources. As national consumption decreases and production increases, the greater will be the amount of goods we can place at the disposal of our own and of the allied governments; and they have dire need of them. The success of the Victory Loan ensures the full employment of our industrial resources, and a ready market for our farm products. In both factory and farm the needs of those fighting for our cause must have first consideration.

PUTTING CO-OPERATION IN NATIONAL BUSINESS

How the U.S. Government is Planning to Use Industry to Better Advantage—Concentration the Password Now

Washington, D.C.

It has been intimated several times in the course of these articles that the system under which the United States Government is utilizing the business men of the country is far from perfect. There is a very great deal of dissatisfaction particularly among business men with reference to the system. There is a strong agitation for new methods and a probability, even a certainty, that new methods will be adopted.

The Advisory Commission of the Council of National Defence, with its wide system of subordinate committees, had one weakness. The members of many of these committees were acting in a dual capacity. They were advising the government in matters pertaining to the selection and purchase of supplies, and at the same time they were selling to the Government.

For instance, the chairman on the committee on Petroleum was President Bedford of the Standard Oil Co., unquestionably the ablest oil man in the country. But, when the Government wanted to buy oil, it was necessary to go to Bedford! The chairman of the committee on coal production was F. S. Peabody, president of the Peabody Coal Co. of Chicago, and, naturally enough, the Peabody Coal Co. could not be passed over when the question of buying government supplies came up. The Peabody Coal Co. might not want government orders but the Government needed a part of the output of the Peabody Coal Co.!

There was no actual loss to the country through the dual activities of the committee members. In all probability the country benefited in a monetary way. The Bedfords and Peabodys who sat on all the committees gave the government the benefit of their knowledge unreservedly and in most cases arranged to supply goods at lower prices than they would have accepted had they come to Washington to represent their own interests only. But it did not look right. It is bad in any business deal to see all the participants on one side of the table. The buyer should sit on *one side* and the seller on the other. Then, if both parties are alive and honest and know their business, neither side loses.

Trouble Starts in Congress

Trouble began to crop up in Congress. Back in Tallahassee, Bill Jones, who makes tacks, had got it into his head that he could turn out shell fuses if the Government would give him an order with a long enough price to cover the cost of installing the new machinery. He didn't get the order but the Delaware Bridge Works, say, got a big order and the vice-president of that concern was a member of a committee working with the Munitions Board. If Bill Jones had wanted to get the facts he would have found that the Delaware plant was equipped to make fuses and that an absolute guarantee of delivery within a certain time had been given and a finely shaved price had been accepted. But Bill Jones, after the manner of his kind, does not pay any attention to these factors. He goes back to Tallahassee, frothing at the mouth and talking graft.

There were Bill Joneses all over the United States of America during the first half of the year. They poured out of the incoming Washington trains and filled the Washington hotels to overflowing. One man from Idaho wanted to sell his mine to the government. A Vermont wholesaler was looking for orders to ship prunes in carloads. A blacksmith from Podunk wanted shell orders. They filled the outgoing trains, and the smokers rang with their discontent and their chorus of "graft"!

The sad part of it was that each disgruntled order-seeker had the ear of a Congressman or a Senator. When Bill Jones arrived back at Tallahassee he got hold of his Congressman and filled him with his tale of woe. Washington reeking with graft, fostered and encouraged by the iniquitous system of advisory committees. The Congressman saw a chance to break into print.

The Storm Breaks

About June the storm broke in Congress. The representative from Tallahassee, or Podunk, or wherever it was, got up and cited the case of Bill Jones, patriot, who went to Washington to place his plant at the disposal of the Government and who was refused an order whereas the *bloated interests* (the speakers' italics) were grabbing everything through their representatives on the advisory committees!

"It is a monumental crime, a barefaced steal!" orated the Congressman. "Never will the Gates of World Free dom be stormed by our brave armies with the Stars and Stripes at their head, if we permit this base trafficking, this sordid manipulation of the machinery of Government! Shades of George Washington and Thomas Jefferson; and God bless the American flag and our dear old grandfathers and may the clean and bracing winds of democracy sweep through the capitol . . . " Or words to the same effect.

And then up got a Congressman to recite the sad experience of Caleb Spry who couldn't get an order for prunes in carloads. And so on ad infinitum, ad nauseam. The country began to think that Washington was riddled with graft and that the men who were so unselfishly giving their time and best services to the country were self-seekers.

The New System

But after all, good results came out of the political uproar. A bill was put through Congress which made it impossible for a man to sit on a committee of the Council of National Defence who was interested in any company which would be selling to the Government. The bill had the effect of breaking up many of the committees. It led, however, to the beginning of a new order, out of which, it is believed, still better results will come.

The new plan is for each industry, each branch of business, to organize on its own account and to appoint committees to deal with the Government. These committees are to have full authority to speak for the industry they represent. They are not in any sense government servants. When they go to Washington they will sit on opposite sides of the table from the Government officials and the advisory committee members.

This system is now being worked out. It is not yet completed by any means, but most of the large industries have already organized. Reference has already been made to the fact that a committee of three representing the automobile interests was in Washington recently to go into the matter of steel. These three men had full power to speak and act for every manufacturer of automobiles or accessories in the country. What success they achieved in getting supplies of steel for next year's cars was due to that fact.

All industry will gradually reach the point where organization is effected and then things will be in capital shape to link business and industry more closely still with Washington. The advisory committees of the Council of National Defence will still be there to advise and direct the efforts of the Government. The industrial committees will be ready to act for industry itself. Any arrangements will be a mere matter of negotiation between fully authorized bodies. Hours will accomplish what otherwise would take months.

More Radical Steps Still

But business men are not satisfied yet. They feel that the country is not yet down to hard training for war.

The other day a Federal charter was obtained by an inventive individual for the manufacture of a new kind of soap pipe, to blow bubbles with! Toys are still necessary enough because, no matter how grim the world struggle may become, all the sunshine and joy should not be taken from the lives of the children. But there are plenty of factories already established to turn out all the toys that will be needed.

The soap-bubble man will proceed to tie up $40,000 capital and employ 30 hands, mostly men, in the manufacture of soap pipes!

There is a growing feeling among the business men of the United States that the time has come for the suppression of unnecessary industry, certainly for the sharp checking of all new ventures into unnecessary fields. Soap bubble charters are not consistent with the waging of war.

The Chamber of Commerce, for instance, has issued a bulletin on the subject, in which the following statements are made:

"New enterprises which are not fundamental to the efficient operation of the country's necessary activities should not be undertaken. This will not result adversely upon business or conditions of employment because every man and every resource will be needed during the war. All effort should be centred to help win the war.

"There is no uncertainty or ambiguity about this statement. Every man who wants to help win the war has now an acid test to apply to any new enterprise or undertaking.

"Men who are considering new enterprises — public improvements, dwellings, factories, industrial work of every description, etc., should be guided by this test."

Fixing of Prices

Perhaps the biggest and most tangled question awaiting adjustment is the matter of price fixing. In most lines of business it is recognized that price fixing has become necessary, but it is very strongly felt that the fixing must be done in the right way. Business men are not prepared to see some Government official with half-baked ideas and a mass of undigested information in his head proceed to say what prices shall be. They know too well the chaos that would result.

At the same time they feel that they themselves should not be allowed to fix the prices. The plan to be followed is for the Government to get all the necessary information from each industry and then reach an understanding on that basis.

Here is a case in mind. The Attorney-General of the United States—I think that is his title—had launched an indictment against a certain group of men under the Sherman Act. Let us say that these men were coal dealers (they were not) and that they were charged with combining to fix prices. The case was pending in the courts and the Attorney-General was pushing it hard and was sure of a conviction.

At the same time Secretary of War Baker was negotiating with the coal men of the country with a view to fixing a price for coal. The coal men suggested a price which would be suitable to them and which at first flush looked very fair to the Government officials. The price was agreed upon and somebody, in the name of Secretary Baker, issued a public statement announcing the price and commending the coal men for their patriotism in consenting to the figure.

And the price set was just 25 cents less than the price at which the men on trial had been selling!

An excited man rushed up to the offices of the Secretary of War and demanded to see Mr. Baker. A Secretary of War has to be securely protected by officials of one kind and another and by ante-rooms. The excited individual was promptly stopped.

"What is your business with Mr. Baker?" he was asked.

"I'm the Attorney-General of the United States," stated the caller.

Somebody was summoned who vouched for the fact that he was the Attorney-General and he gained entry to the inner office. Here he showed Mr. Baker that his department had, figuratively speaking, upset the apple cart. Not only had he made acquittal certain in the pending trial, but he had fixed a price that was too high.

The upshot of it was that a new investigation was made and, on the information supplied by men in all branches of the business, the Government decided on a new price quite a bit lower than the first one.

It is perhaps, unfair to hang this incident on the coal men, but it was necessary to name some industry in order to make the telling intelligible. The point aimed at is that the proper basis for price fixing is that outlined very concisely in another Chamber of Commerce bulletin:

General Basis for Prices

"There has not been developed as yet a clear policy with regard to securing the assistance of business men in connection with the control of prices. In some cases the Government has called upon those interested in a business to participate in the actual fixing of the prices. This has resulted in a fixing of prices by negotiation—which is clearly harmful. In the judgment of the undersigned committee, men elected by an industry to represent it should be called upon by the Government for full information which would be helpful in fixing prices, but the actual determination of the price should be a semi-judicial function.

"This means that wherever prices are determined by the Government it is essential that such prices should be arrived at according to some general plan and upon a definitely declared basis. Such general principles should be followed so far as possible wherever the Government acts to control prices and would serve as a yardstick or standard between different industries.

"In other cases the Government has not consulted business men, but has conducted independent investigations and announced prices without giving any information as to the basis on which such prices were reached. This necessarily creates antagonism on the part of business men who are unaccustomed to autocratic control, and prevents the co-operative response which might be expected from business men if they had a clear understanding of what was being done.

"Knowledge of actual conditions existing in business in its intricate ramifications can be acquired only by years of intimate contact. In the judgment of business men it is essential to success in Government control of prices and distribution to establish a basis upon which this knowledge and information of business men can be at the service of the Government under such circumstances as not to be influenced by selfishness or the need of self-protection."

Thus is the basis of co-operation between Government and business being clarified and strengthened. The business men of the United States are endeavoring in every way to assist in the efficient organization of the nation for war; and the Government is showing a complete willingness to accept the co-operation. In both respects Canada has something to learn.

There is a general and thorough understanding of the lines on which the new organization is to be built. It can be summarized in the one word, concentration.

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Ask for Pamphlet No. 9

GREENSHIELDS & CO.
Members Montreal Stock Exchange
Dealers in Canadian Bond Issues
17 St. John Street, Montreal
Central Chambers, Ottawa

CURRENT OPINION

UNCLE SAM AND MISS CANADA

Detroit *Times*

Remember that time when Bill Taft, with his mighty bosom swelling with tariff reciprocity, sparked Miss Canada, and got the mitten so's all the world saw it?

Well, the haughty maid has relented. There's a soft, glad hand at her front door and room on the parlor sofa for Uncle Sam, with the lights turned low.

Since April last, Miss Canada has sent into the United States over 14 million bushels of wheat duty free. On April 16, she removed her import duty on wheat and this act automatically broke down the tariff wall.

A common disease makes neighbors akin. After Uncle Sam doffs his khaki, gets a bath and shave and dons his old reliable boiled shirt, watch him perk up to Miss Canada once more.

ALL FOR THE CAUSE

Wall Street *Journal*

Stockholders of the eastern railroads should not be behind the larger public in acknowledging the active patriotism of the operating officers who have now done the last thing in subordinating private interests to war service. Considering that the profits of these carriers have been rapidly shrinking since the beginning of the year and are practically sure to shrink still further in the near future, whether the pending rate advances are granted or not, it was no easy matter for them to plunge into the uncertainties of complete traffic pooling. It was not a case of giving up the possibility of war profits, for there was no such possibility in any event. They have embarked upon waters for which there is no chart. Most of us have to do that in time of war.

To be sure, we thought that something of that sort had been done last April. It was, so far as the distribution of available cars, co-operation to reduce excessive train service and preference of all freight directly or indirectly related to the Government's purposes was concerned. Indeed, the powers then vested in the Railroad War Board by written instrument signed for all the carriers by their executive officers went much further. For some more or less obscure reason the War Board refrained from exercising these powers to the utmost until within the past week or ten days, when it became apparent that if the railroads did not do voluntarily and immediately everything that a military dictator could do, to expedite the rapid and even flow of traffic by all routes they would lose their properties for the period of the war.

It would be in the ultimate best interests of the owners of the railroads if every board of directors would, by formal resolution, indorse the action of the operating officials in throwing the railroads without reserve into war service, and make their resolutions public. Directors represent stockholders—at least that is their function. Granted that it is the natural instinct of an experienced railroad officer to keep his road free from congestion and to hold all his motive power, his men and his shop equipment for the exclusive use of his own road. If whole-hearted backing of the Government means giving these advantages up, then they should be given up without a moment's hesitation, whether dividends rise or fall. And when operating officers thus support the Government, they in turn have a right to expect the support of their directors and stockholders.

When the last shadow of a doubt of the attitude of railroad stockholders has been removed—there may still be just the shadow—the railroads will be in a position to demand that sooner or later they shall be fairly compensated for what they have surrendered.

SOME CONSCRIPTION

Canadian *Finance*

Less than fifteen cents out of every dollar of its profits for the year ending March last, is all that the Wm. Davies Co. would have been able to retain had the Union Government's regulation of packing houses been then in effect.

The effects of further action along lines of price control and conscriptive taxation of wealth are clearly indicated by what has already been done with regard to the packing industry. There are two limitations of packers' profits—the net result of which is much more stringent than any regulation in effect in the United States or even in Great Britain. In the first place, the profits in any one year must not exceed two per cent. of the annual turnover; that is, two per cent. of the total sales during any one year. But there is a very important additional limitation. Under terms of the government's recent order-in-council, packers henceforth can make by way of profit only a maximum of 11 per cent. on investment. They can retain 7 per cent. clear, and one-half of earnings between 7 and 15 per cent. on the money invested. Above 15 per cent. all profits are to be taken for national use—a restriction much more drastic than any adopted even by Great Britain's unprecedented war taxing. The profits of the Wm. Davies Co. for the year ending March 31st, 1917 after deduction of interest on borrowed capital) were in round figures $1,400,000 —or 80 per cent. on an investment of approximately $1,750,000. Admittedly the war tax payable on this amount under the old scale was insufficient, leaving, as it would, something around $1,000,000 profits with the company, as compared with less than $200,000 under the new regulations.

The new system would work out thus: To begin with, the gross profits would be cut in half, being now limited to two per cent. on the total sales of the business. These gross profits in 1916-17 were just a shade under 4 per cent. on the turnover. Therefore on the new basis of taxation the gross profit would have been about $800,000 instead of over $1,600,000. After deduction of interest on borrowed money, the profits subject to taxation would be $560,000 under the new system. And how would this $560,000 be divided? The utmost retainable by the company (still keeping to round figures) would be 11 per cent. on investment or about $190,000—the balance of some $370,000 would go to the national treasury. That is, out of every $1.00 of profits made under the former regime, less than 14 cents could now be retained by the company; the remaining 86 cents would either be saved to the public through lower prices, or paid over to the government by taxation. Even our most extreme Socialist friends will surely admit that this is some conscription of wealth.

INVESTORS' INQUIRIES

Information under this head is given in answer to direct requests from investors who are readers of The Financial Post. Many questions respecting securities are answered by mail direct. We would remind correspondents that it is now necessary to enclose three cents in postage stamps to cover postage on answers direct.

PACIFIC COAST COLLIERIES

R. W. P., Toronto.—Can you give me any information regarding Pacific Coast Collieries, at to present operations and the outlook?

Inquiries indicate that things are going fairly well now and that there seems to be a certain future for the property. During the current year the mine has been working fairly steadily considering the difficulties there are in getting labor. Just after the outbreak of the war the business of the company was cut off to a large extent by the disorganization of shipping on the Coast particularly in relation to the Empress line of the C.P.R. However, there has since been a readjustment as regards shipping on the Coast and there is now a market for the company's coal which promises to continue for some years at least. Earnings of the company during the past year have hardly been enough to pay bond issue but officials believe that in the coming year there should be some considerable surplus to be applied to the preferred stock after the payment of fixed charges.

CANADA MACHINERY

J. D. M., Black Lands.—Would like any information you may be able to give me regarding the present position of the affairs of the Canada Machinery Corporation.

We understand that the present year will not make as good a showing as the previous one as the demand for machinery of the class handled has not been so heavy owing to the munitions plants being well equipped. However, it is hoped to produce a satisfactory statement and to be able to continue the payment of dividends on the preferred shares as well as bond interest. As to the future there is uncertainty. There will be many problems to be solved after the war and at this stage it is rather a difficult task to anticipate what these problems will be. To what extent Canada will be able to compete with foreign manufacturers of steel and other metal products in her own and export markets remains to be seen.

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For the convenience of those desiring to make a record of their securities for ready reference, we have prepared a convenient form with spaces for entering the name of the security, date of purchase, amount, purchase price, annual income, time of interest or dividend payment, time of maturity, etc. Indispensable for security holders.

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Investors' Information Bureau

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This service is free to subscribers, but inquirers should enclose stamp for reply.

NEWS OF THE BOND MARKETS

SUBSCRIBERS TO VICTORY LOAN EXCEED 800,000

One Hundred Out of Every 977 People Applied for the Bonds.

STATE OF BOND MARKET

Virtually No Business is Being Done—Not Likely That There Will Be Any Pronounced Movement Until Market for Victory Bonds is Established

Until the market for Victory bonds is definitely established, which may not be for some weeks yet, there is little prospect of any municipal business being done. Municipalities, which offered issues for sale by tender during the past week or two, found themselves without bids on the appointed days and have been compelled to retain their bonds or else option them to such dealers as showed interest in them. Bond dealers on their part are still busy over the settlement in connection with the Victory Loan campaign and have little time to devote to regular business. Indeed it is hinted that they do not care to take on any commitments until they see what steps are deemed necessary to support the market for the Victory issue. A very small volume of trading is going on but practically no new issues are being purchased. The only interest shown during the week was in the movements of Anglo-French bonds, which have been followed pretty closely by both dealers and investors.

The grand total of Victory bond subscriptions is still growing and, what is possibly most important, the number of subscribers is reaching splendid proportions. Up to Wednesday, when the latest summary was compiled, there was a gross subscription of $417,230,400 from 807,361 subscribers. This is $52.87 per capita or one subscriber in each 9.77 people, an international record. The subscriptions for each province together with the proportion of subscribers according to population were as follows:

Alberta	1 in 8.9	$16,515,150
Br. Columbia	1 in 8.5	17,820,500
Manitoba	1 in 7.0	32,326,600
N. Brunswick	1 in 17.5	10,250,000
Nova Scotia	1 in 12.8	18,588,150
Ontario	1 in 7.1	203,823,500
Quebec	1 in 17.9	93,798,100
P.E.I.	1 in 17.5	2,331,350
Saskatchewan	1 in 8.8	21,777,050

This is a splendid showing and an augury of good times ahead. Much of the loan may be regarded as permanently placed. What will come on the market should be readily absorbed if the proper machinery is set to work. Within a very short time the money ought to be rolling into the savings banks again, assuring success for next year's loan. So far as Canada is concerned there should therefore be no cause for pessimism, while during the spring a fairly good market for municipals ought to develop.

Wednesday, January 2, will probably be the busiest day ever experienced by Canadian banks. On that day the hundreds of thousands of subscribers to the Victory Loan will be required to come forward and pay the second instalment of the purchase money or else complete their payment for the bonds. A few will doubtless attend to this item of business a day or so ahead of the scheduled time but the vast majority will put through the transaction on the appointed day. What this means for the staff of a branch, which is handling several hundreds of subscriptions, is not difficult to appreciate. It will be an arduous day, for not only will there be these numerous subscriptions to handle but the regular business of the bank on the first banking day of the new year is no sinecure.

Will There Be Delinquents?

Some people are wondering whether there will be many delinquents when it comes to making this payment. If it were a case of the instalment purchase of a piano, a gramophone or a sewing machine, a good many buyers would have to be rounded up by the collector, but possibly a bond purchase will be different. The transaction is between the individual and the government and awe of the authorities may force most persons to pay up promptly. More than that, there is a decided difference between an article of furniture or a musical instrument and a bond. The latter represents real money and its possession is therefore not to be jeopardized. At the same time there will no doubt be careless and forgetful people, who will be sure to give trouble.

The banks will be allowed to extend a certain latitude to subscribers, who do not pay up on the due date. For a few days no charge will be made but at the expiry of the days of grace interest will be levied. Failure to secure payment ultimately will lead to the cancellation of the subscription and forfeiture of the deposit. Bankers do not anticipate that there will be any serious trouble in getting the money. For one thing, many subscribers already have bank accounts and can easily be reached through them and for another the government will probably supply forms to send out, which will serve as reminders. As a last resort some members of the bank staff will be sent to gather in the few outstanding amounts.

Necessity of Holding on

It is to be hoped that each bank manager will make use of the opportunity afforded by the transfer to the subscriber of the interim certificate to impress on his or her mind the desirability of holding possession of the bond. Just now the financial world is depressed by the extreme weakness of allied bonds in New York and there are grave forebodings as to possible unfavorable developments. If Liberty bonds in the United States and Victory bonds in Canada were to follow a similar course, this depression would spread and its influence would be most prejudicial. It is therefore incumbent on every subscriber to the Victory Loan to assist a difficult position by refusing under any circumstances to throw his holdings on the market. The fewer the bonds offered, the less the danger of a break in price.

At a recent conference at Washington between Secretary of the Treasury McAdoo and representatives of Liberty Loan Committees, this point was strongly made. The Secretary pointed out that conditions were serious enough through the malevolent actions of German agents, who were depressing the market for the bonds, and it was the duty of loyal citizens to counteract these influences as far as possible by holding their investments intact. The same thing is equally true of Canada.

NO BONDS SOLD

City of Brantford Adheres To Policy Laid Down in 1914

In a statement presented to the Brantford city council on Tuesday, A. K. Bunnell, the city treasurer, showed that while the expenditure on current account for the year would exceed the estimate by $6,000, revenues would be $5,000 ahead of the estimate, so that the net deficit would be only a matter of $1,000.

"Following the policy laid down shortly after the commencement of the war," says Mr. Bunnell, "capital expenditure has been confined to practically absolutely necessary requirements, such as sewers, water extensions, and the completion of the Erie Avenue pavement. No debentures were sold, but funds were provided by short date borrowings, by way of treasury certificates, and these will, when due, be taken up and the debentures used for sinking fund purposes. By this method of financing Brantford has kept out of the money market ever since the war broke out, and I hope that the successors in office of the council will perpetuate until the fraining from capital expenditure, no matter how desirable same may ap- close of the war the policy of re- pear until the close of the war, and financial conditions improve."

THREE RIVERS SELLS ISSUE

New Montreal Bond House Secures Good-sized Block

In spite of Victory Loan campaigns and elections there is still a market for municipal bonds, if the bond house is fortunate enough to find the purchasers. This is the case of Hew R. Wood & Co., a new bond house of Montreal, who at the end of the week purchased $765,000 6 per cent. bonds of Three Rivers, and before the middle of this week had disposed of them again. Of the total $280,000 were issued by the city itself and $485,000 by the school commissioners. Beyond stating that he had disposed of these bonds in the province Mr. Wood did not reveal to THE FINANCIAL POST the direction of the disposal.

The $200,000 issue of Montreal East bonds are meeting with a ready sale also.

SHOWING INGENUITY

Schemes Suggested To Increase Revenues in Montreal

Facing a $3,000,000 deficit for 1918 the Board of Control of Montreal is showing some ingenuity, at least, in devising means of cutting down a portion of this. One of the proposals that will go before the Legislature is a "habitation" tax as it is called, by which tenants will pay a special tax of 2% on all rentals of over $100 a year. Thus a house renting at $300 would be called on for a $4 tax. Another proposed tax is 5% on the gross earnings of all public utilities that do not pay for their franchise rights.

WILL THERE BE AN EMBARGO ON OUTSIDE BONDS?

Thought That Government May Take Action in This Direction.

SITUATION IN THE U. S.

Head of Largest Trust Company Advocates a Priority Board to Deal With All Applications for Bond Issues

Will one of the government's first steps, now that it has been so solidly confirmed in office, be to place an embargo on all outside securities? There are those who believe that this action is not only likely but that it is certain. It has been talked about a good deal and there are very few bond dealers who do not admit that it is desirable. Of course the country did so well with the Victory Loan that it would appear as if there were no necessity for stopping the purchase of these external issues if the investing public shows a mind to buy them. At the same time there is no guarantee that the next half billion dollars will be so easily raised and it would be regarded as a useful precaution if steps were taken to keep Canadian money in Canada, especially in view of the present attractiveness of many outside securities.

Both Great Britain and the United States have practically put a stop to all buying of external bonds. In fact Great Britain has gone a step further and has suppressed a great deal of internal borrowing. In the United States similar action is contemplated and it has the backing of the large financial interests of the country. In the course of an article in Forbes' Magazine, Charles H. Sabin, president, Guaranty Trust Co., New York, the largest trust company in the world, comes out strongly in favor of a financial priority committee to check indiscriminate borrowing.

Effective Means Possible

After explaining the work since the outbreak of war of the Capital Issues Committee in Great Britain, Mr. Sabin proceeds to say:

"Of course it was comparatively easy to regulate the financial situation in Britain where everything is so compact and where there are no governments within governments as we have here with our forty-eight different states. Yet I believe an effective organization could be devised in this country to pass upon all proposed issues of stocks and bonds. The advisability of appointing such a body is bound, in my opinion, to become more and more apparent as we enter the struggle deeper and deeper.

"There is nothing novel, nothing autocratic, nothing revolutionary about such a proposal. Have we not already a Priority Board, a Railroads' War Board and other bodies regulating activities of the railroads, steel plants, coal transportation, etc.?

"The conserving and husbanding and control of our financial resources are not less important in their bearing upon the war than is the control of our transportation and production of war supplies.

"If nothing be done to regulate the competition for investment funds, the successful flotation of future war bonds may be jeopardized. Certainly the greater the absorption of funds for corporate purchases not conducive to the winning of the war the stronger will be the tendency to force up the cost of capital and thus entail a heavier interest burden upon the Government and the people as a whole.

"While there are no official statistics covering new issues of stocks and bonds and short term obligations in this country, records which may be regarded as fairly dependable show that in 1914 corporate and municipal borrowing aggregated about $2,400,000,000, in 1915, $2,600,000,000, and in 1916, $2,900,000,000, while the total for the current year will also be quite large.

Stop Competition for Money

"No one will contend that all the stocks and bonds issued since America entered the war have been for war purposes. There is room for the elimination of a great deal of competition for money. Nor can anyone be blind to the fact that everything possible should be done to make the flotation of future issues of Government bonds as easy and as successful as possible. Secretary of the Treasury McAdoo has handled the first and second Liberty Bond offerings with consummate skill, and the results have been gratifying. Nevertheless, there will be still heavier calls upon the country for money to prosecute the war and we cannot begin a day too soon to set our financial house in order.

"An ably and efficiently exercised check upon bond and stock and note offerings by all sorts of enterprises and ventures would do more than reduce competition for the funds needed by the Government. The cutting down of all unnecessary security issues would tend to reduce demands for materials and also for labor, both of which it is a national duty to conserve to the utmost until the war has been brought to an end. Furthermore the appointment of a Financial Priority Committee would bring home to the public at large the need for economy and also the need for bending all our energies towards the great cause, which must be the first concern of every patriotic citizen.

Invest Savings in Government

"It should not be assumed that a Financial Priority Committee would stop all financing. Indeed, in order to perform to the fullest extent our part in the war there must be extensive and more or less continuous new financing in transportation and industrial fields to cope with the services demanded of them by military necessities. There is money enough and, with due attention to economy and saving, there should continue to be money enough in this country for all really needful purposes in any way contributory to our military success. But if any and every promoter be allowed to continue to compete for and absorb the savings of the people there will be grave danger that both the Government and industries vital to the prosecution of the war will find the raising of capital more onerous and difficult than need be the case if foresight and discretion be exercised in the direction here outlined.

"In short, nothing should be left undone to marshal our dollars as effectively as we are marshaling our men and our railroads and our basic industries for the war. The Government should have right of way in this demand for capital not less than it now has for materials

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There is no doubt that in Canada borrowing, outside of government requirements, has been reduced to a comparatively small scale, not so much for patriotic reasons as under the pressure of necessity. It may not be so important for the Dominion to regulate internal borrowing as to reduce external borrowing. However, the situation is sufficiently serious to merit attention and, if there is any large drain of funds outside the country, it might be desirable to reduce it.

While the Vancouver city council was considering by-laws to raise money for school construction purposes at a recent meeting, Alderman Kirk asserted that in the present state of the money market it would be necessary to offer debentures to the face value of $100,000 at 5% interest, in order to obtain the net sum of $75,000.

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Notice is hereby given that a Dividend of TWO and ONE-HALF PER CENT. for the current quarter, being at the rate of

Ten per cent. per annum

on the paid-up Capital Stock of the Corporation, has been declared, and that the same will be payable

Wednesday, the Second Day of January

next, to Shareholders of record at the close of business on the Fifteenth day of December.

By order of the Board,

GEO. H. SMITH,
Secretary.

Toronto, November 28th, 1917.

FIELD OF MUNICIPAL FINANCE

SASKATCHEWAN BUDGET ABLY INTRODUCED

Provincial Treasurer Dunning Gives Clear Statement of Provincial Finances.

PROVINCE IS PROSPEROUS

Deficit Was Incurred by Reason of Increasing Expenditures and Declining Revenues in Certain Departments of Government

The budget speech delivered by Hon. Charles A. Dunning, provincial treasurer of Saskatchewan, on Thursday of last week, gave a very lucid explanation of the finances of the province. Opening his remarks with a reference to the prosperity of Saskatchewan, which he illustrated with figures of agricultural production for 1917 and statistics covering the live stock industry, Mr. Dunning spoke of the splendid financial condition of the people, illustrated in gifts to the Patriotic Fund, the Red Cross and other appeals of generous proportions. He then dealt with the Victory Loan campaign, prophesying that Saskatchewan's subscriptions would reach $22,000,000.

Turning to the financial status of the province, the provincial treasurer showed that the difference between the assets, so far as they may be stated, and the whole of the liabilities at the end of the last fiscal year, was $20,015,244. Or including, at a reasonable valuation, the 7,240,416 acres of unsold school lands, the provincial surplus would approach $60,000,000.

The Public Debt

"Let me make a few remarks, Mr. Speaker," continued Mr. Dunning, "with reference to the public debt of the province. Like every other province we have a public debt. All our improvements of various characters which will be of benefit not only to the present but to future generations, are paid for by means of borrowed money in order that the future generation—as in the case of this building, for instance—may have a share in the payment for the expenditure involved. That is how our public debt is created and on April 30 last year it amounted to $25,889,000. In connection with the public debt it is interesting to work it out on a population basis, that being the only way of comparing it with other communities. On the basis of population, on which we receive the Dominion government grants, our per capita debt, as a province, is $37. This figure is lower than that of any other Western province.

Self-Sustaining

"It must be remembered, Mr. Speaker, that a large portion of our public debt is self-sustaining. What do I mean by that? The public debt is a charge upon the revenue of the province. The revenue of the province must provide the interest and sinking fund on everything the province owes. If the expenditure created is invested in a utility which, in addition to carrying itself, furnishes to the general revenue sufficient to care for its interest and sinking fund, then that is a self-sustaining utility. We have a number of such, in our telephone system we had invested $6,392,000 up to April 30 last. The interest and sinking fund is not borne by the general taxation of the province or the general revenue but by the people who use the system. Our loans to the Co-operative Elevator system amounting, as they do, to $2,007,000 as of April 30 last; the interest and sinking fund does not cost the province anything. The company takes care of it each year from its accumulated profits. Our drainage districts, we have loaned $196,000. The interest and sinking fund is taken care of by those who own the land which benefits from the drainage system. The city of Regina, it will be remembered, was loaned a sum of money to allow it to make loans to the citizens at the time of the terrible cyclone some few years ago. That is part of the public debt. Regina takes care of the interest and sinking fund in connection with it. When all these items have been deducted, self-sustaining, we find that the per capita is only $23, far lower than that of any city in the province."

The provincial revenues, according to Mr. Dunning, have been curtailed in certain directions. Revenues from land titles offices this year showed a reduction of $357,000 over 1913-14; court fees were $106,000 less; liquor licenses were reduced from $219,000 to nothing; incorporation fees were $17,000 smaller and income from the preparation of subdivision plans was cut by $89,000. On the other hand expenditures in many departments have increased. Civil government costs have grown by $107,500 since 1913-14; public works required $232,000 in extra expenditure; educational estimates were $342,000 larger, etc.

A Small Deficit

"In view of the figures I have given you, Mr. Speaker," declared Mr. Dunning, "I feel sure that none of the members of this House will be surprised to hear me say that at the end of the last fiscal year, April 30 last, there was a cash deficit of $199,698. We expected it. I stated so from my place in this House last session and in connection with my estimates for the curent fiscal year which is now little more than half gone I cannot intimate what the deficit will be but there will be a deficit. When the estimates were brought down last session I indicated that we were estimating for a deficit of $96,000 and the deficit on the present year's operation will be greater than we estimated. The other day we had to bring down supplementary estimates and the House had an opportunity of judging how far these expenditures were controllable. There is no doubt but that we will have a large deficit on the year's operations. I shall not attempt to give an idea of what it might be but for the reasons I have submitted, the government find it necessary, as indicated in the speech from the throne, to provide new sources of revenue. Personally, I feel thankful to the members of the House for the sympathetic manner in which they received the new provisions made for increased revenue in the future."

The provincial treasurer, in dealing with sources of revenue, referred to the school lands trust fund, which is administered by the Dominion Government. The fund will in future be invested in war bonds, which will bring in a larger revenue to the province, but in view of the lenient way in which purchasers of school lands are treated, he believed that it would be most desirable if the administration of the fund were transferred from the Dominion to the province. At present there are $3,000,000 of principal in arrears.

In the estimates, as presented by the provincial treasurer, the sum of $3,388,540 was provided for capital expenditure but it was made quite clear that there would be no attempt made to raise this money unless the money market became easier.

Reference was made to the Greater Production Loan, to which up to date $800,000 had been subscribed.

TORONTO'S BUDGET

Analysis Presented by Bureau of Municipal Research

An exhaustive analysis of Toronto's budget for 1917 has been prepared by the Bureau of Municipal Research and is presented on the eve of the civic elections, with the admonition to the electors that they take pains to choose good men to administer the city's finances. By the use of graphs and charts, supplemented by tabulated statements, the report drives home the main facts of the civic budget. For instance one chart illustrates how each dollar of the city's annual expenditure is apportioned. Another chart shows whence the city's income is derived.

Dealing with the figures themselves, the report compliments the Finance Commissioner with presenting to the citizens for the first time a consolidated balance sheet showing what the city owns and what it owes.

The net expenditures during the year were estimated at $15,155,610. of which $14,407,572 came from taxation. The heaviest expenditure was in the Department of Education which had a net expenditure of $4,098,438. General government expenses were $4,313,109, which were partially offset by revenue amounting to $1,325,762 from that source, leaving the net expenditure $2,987,347. Police protection cost $2,550,704; health and sanitation, $1,898,210, and highways $1,392,000.

The per capita debt charges have increased between 1908 and 1917 from $5 to $14.75, and in the same period the proportion of each $100 revenue taken for debt charges has increased from $26 to $36.

TO SAVE MILLIONS

By Reducing Proposed Borrowings for Various Civic Works

The city of Montreal can cut down proposed borrowings by close to $10,000,000 next year if certain public works are given up, and it is probable that with the unenviable condition of affairs in the city's finances this course will be taken. Incidentally $500,000 would be cut off the interest charges which now exceed $5,000,000, or 40% of the revenue. The purposes for which the Legislature had authorized the borrowing were enlarging the aqueduct (a scheme which has been abandoned, temporarily at least), building underground conduits to bury wires; a civic lighting plant, and the continuance of boulevard work along the aqueduct.

The burying of wires in down town areas moreover might seriously embarrass a number of companies at this time when the raising of money for capital expenditures is a difficult matter.

The loans so far negotiated for these works amount to $6,807,000, leaving a balance of $9,193,000 that could be issued. The total expenditure to date is $6,045,896 leaving a balance of the authorized $16,000,000 of $9,954,104.

Money By-laws

Those investors who wish to keep in touch with the municipal bond market will find this department useful. It aims to be accurate and convenient. THE FINANCIAL POST makes a specialty of municipal bond news. Municipalities will find it to their advantage to send in direct news of contemplated bond issues.

BY-LAWS PASSED

Dover Township.—$25,000 under the provisions of the Tile Drainage Act. Passed by council, November 27.

Peterborough County.—$7,000 for bridge building and county improvements. Passed by council, November 20.

Enniskillen Township.—$20,000 under the provisions of the Tile Draintage Act. Passed by council, December 1.

BY-LAWS TO BE VOTED ON

Jan. 1, St. Catharines.—$26,500 to pay for the cost of laying out portion of the new cemetery lands belonging to the corporation. J. Albert Pay, city clerk.

Jan. 1, Fort William.—$225,000 to take care of the deficits in connection with the city's electric street railway. A. McNaughton, city clerk.

Jan. 7, Orillia Township.—$5,000 for part maintenance of the Orillia Soldiers' Memorial Hospital.

Jan. 7, Alliston.—$6,000 for electrifying the pumping plant of the town of Alliston. J. E. Addis, town clerk.

Jan. 1, Galt.—$18,558 to provide money for extensions to the waterworks system. Joseph McCartney, clerk.

Jan. 1, Ottawa.—$40,000 for a soldiers' home, to be owned by the city but rented to the Great War Veterans' Association.

Jan. 7, Rama Township.—$2,500 as endowment fund for the Orillia Soldiers' Memorial Hospital.

Jan. 7, Barton Township.—$55,000 to purchase necessary material and equipment for installation of electric system.

Jan. 7, Kincardine.—$17,000 for repairing and rebuilding roads and bridges. John H. Scougall, town clerk.

Jan. 7, Fergus.—$10,000 bonus to aid James Wilson to restore the Monkland Mills. T. N. Wansbrough, village clerk.

Jan. 7, Owen Sound.—$30,000 guarantee of bonds of the King Shoe Co., Limited.

Jan. 7, Brantford.—$40,000 for grade separation at the crossing of the G.T.R. and St. Paul Avenue.

Jan. 7, Grimsby.—$3,500 for the purchase of the property of the Grimsby Recreation Company, Limited, for a recreation park.

DEBENTURE NOTES

Simcoe County.—At present the debenture indebtedness of the county of Simcoe is $79,630.26. Four sets of debentures are still running, though one expires next year. This was an issue of $50,000 sold in 1898 to raise funds for the House of Refuge and farm. Of this amount less than $44,000 was required for this purpose and the balance was used to clear up some deficits. In 1903 debentures amounting to $100,000 were sold for Good Roads. Both of these sets carry interest at 3½ per cent. and the Good Roads debentures sold at a premium of over $3,000. In 1915 there were two issues of debentures for $20,000 each sold to raise money for bridges. These debentures carry interest at 5 per cent. The annual payment on the Poor House debentures, which expire next year, is $3,537.58.

Sault Ste. Marie.—Owing to the present condition of the city's finances, the Finance committee recommended at the council meeting on December 13, that the city do not purchase Victory Loan bonds at the present time, or until such time as the government find it impossible to raise the money it needs by public subscription.

Haldimand Township.—The Ontario Railway and Municipal Board has approved By-law No. 127 for the raising of $12,000 by debentures.

Vancouver.—At the meeting of the city council on December 3, it was decided to submit to the ratepayers three by-laws, one to divert $60,000 from an older by-law to construction, another to raise $25,000 in new money for construction, and a third to raise $50,000 for the improvement of ventilation and miscellaneous charges in connection with the city schools. Notice of these was given in regular form.

SASKATCHEWAN

The following is a list of Authorizations Granted by the Local Government Board from December 3 to 8.

School Districts.—Snowdown, $2,000; Golden Sheaf, $400; Warcop, $1,800.

The Following is a List of Debentures Reported Sold from December 3rd to 8th.

School Districts.—Tranquillity, $2,500, Goldman & Co., Regina; Hilton, $1,800, Goldman & Co., Regina; Tanglenook, $2,000, Can. Landed & National Invest. Co., Winnipeg; Vantage, $2,300, Sask. Life Insur. Co., Regina.

Rural Telephone Companies.—Last Chance, $3,800, Philip Temple, Grenfell; Bredenbury Northern, $1,800, Sold locally; Bigstone, $4,000, Goldman & Co., Regina; Denzil, $22,100, Goldman & Co., Regina; Prairie Lily, $4,500, R. O. Rogers, Rouleau; South Prince Albert, $4,000, Diocese of Saskatchewan; Viscount, $27,500, W. D. Craig, Regina.

BOND SALES

$4,000 Canada Bread at 90; $4,000 Dominion Coal at 85; $500 Penmans at 86; $67,900 War Loan (1925) at 95¼ to 94¾; $45,400 War Loan (1931) at 92½ to 91; $80,200 War Loan (1937) at 92½ to 92.

WEEKLY RECORD OF GOVERNMENT AND MUNICIPAL BOND SALES

Date	Place and Purpose	Purchaser	Rate	Term	Amount	Price	Basis
Dec. 3	Saskatchewan School Districts......	Various (see list above)	...	.....	$8,600	.....	.....
" 3	Saskatchewan Phone Companies....	Various (see list above)	7%	15-ins.	67,700	.....	.....
" 14	Three Rivers, P.Q.	[illegible] R. Wood & Co., Montreal	6%	.....	[illegible]	.....	.....

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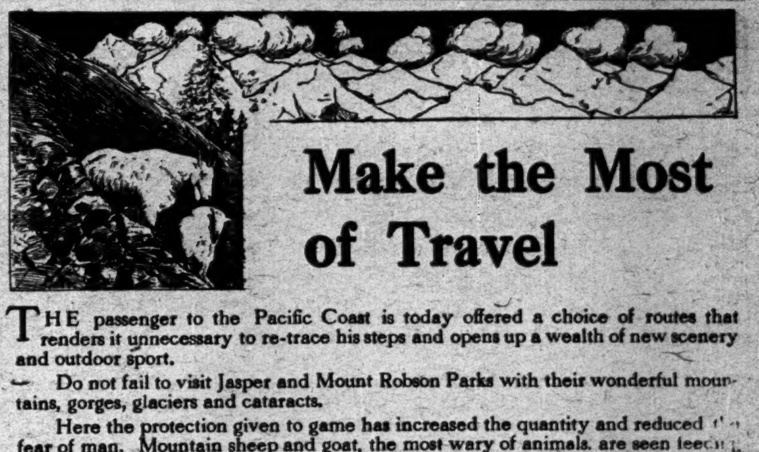

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THE passenger to the Pacific Coast is today offered a choice of routes that renders it unnecessary to re-trace his steps and opens up a wealth of new scenery and outdoor sport.

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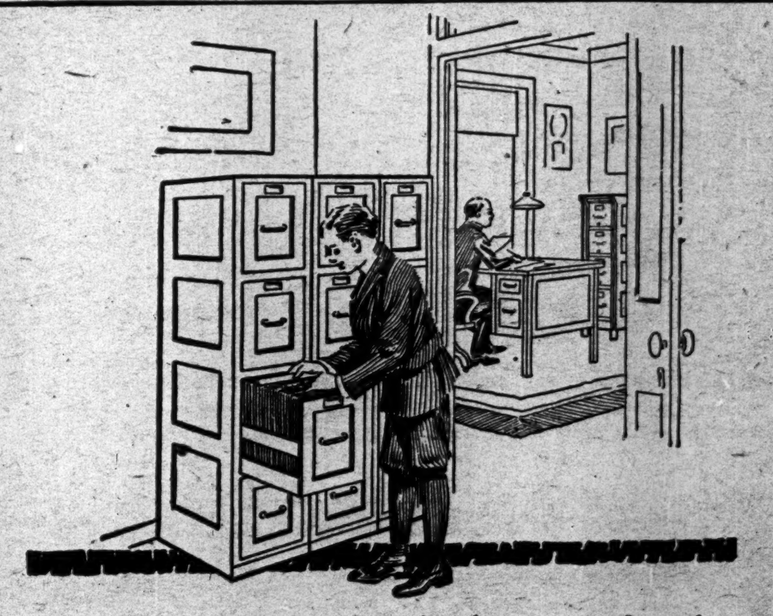
Here the protection given to game has increased the quantity and reduced t fear of man. Mountain sheep and goat, the most wary of animals, are seen fee on the hills, and coming down to the railroad in view of passing trains.

For further particulars see our booklet "The Canadian Northern Rockies," or app the General Passenger Department, Montreal, Que.; Toronto, Ont.; Winnipeg, Ma

CANADIAN NORTHERN RAILWA



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LIVING UNDER THE SHADOW OF WAR

In these dark and uncertain days, only the very best judgment should be employed in selecting investments. Sobered by the lessons of the war, sensible men and women have relinquished schemes to get rich quick by means of speculative securities and they now prefer safe investments yielding moderate interest to questionable ones with high rates. Beneficiaries under insurance policies are often perplexed as to how to invest their monies safely and profitably but the continuous monthly income policy, payable in monthly instalments throughout life, and for twenty years certain, solves the problem completely. It constitutes an automatic safe investment and is issued by

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THE FINANCIAL POST OF CANADA
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INVESTORS' INSURANCE NOTES

MEN INSURING NOW AGAINST WAR TAXATION

Wealthy Men Take Out Policies to Protect Their Estates.

SOME RECENT EXAMPLES

Difficulty of Meeting Inheritance Taxes Without Sacrificing Valuable Properties Leads Millionaires To Insure.

A wealthy Canadian died the other day leaving a considerable estate, much of it in the form of stocks. Many of the latter had been acquired or were being held on margin and, while amply protected, yet represented a large obligation to the banks. There were naturally following his decease many calls on the estate for succession duties, funeral expenses and other items, which had to be paid in cash. Moreover the provisions of the will made it necessary to secure absolute possession of the various stocks. As a result of this situation the executors found themselves in the position of having to liquidate several hundred shares of gilt-edged stocks (all the deceased's investments having been carefully selected) at prices that were unfortunately very low.

The position of this man's estate would have been much more satisfactory and the necessity of sacrificing stocks would have been obviated had there been insurance provided to cover the various charges falling on the estate after his death. The growing extent of the taxation of estates is bringing this fact home to many business men, who are appreciating that it is their duty to furnish their heirs with ready cash to meet inheritance taxes and similar charges.

Started Three Years Ago.

It is pointed out by the *Annalist* of New York that the practice of taking life insurance by way of providing a sinking fund to meet the exactions of increasing inheritance tax laws had its beginning about three years ago in the United States, while the federal tax law of 1916 gave a great impetus to it.

An insurance policy for $2,000,000 is reported recently to have been taken by Julius Rosenwald of Chicago to insure a large acount of ready cash to his estate to meet inheritance taxes on his death. Earlier this year J. P. Morgan took out a policy for $2,500,000, and Henry P. Davidson of the Morgan firm one for $2,000,000. These are the only policies of more than $1,000,000 reported to have been taken out for this purpose, and these men were heavily insured before they took out these new policies.

Companies After Business.

Some of the United States life insurance companies have issued bulletins to their agents calling attention to the new incentive to take out life insurance supplied by the inheritance tax laws, especially in the case of large estates. Wilbur H. Pierson, Treasurer of the New York Life Insurance Company, said:

"There has been considerable increase in the sale of large life insurance policies in the last year, and this has been due in considerable measure to the inheritance tax laws. Insurance companies and their agents stand in a confidential relation to the insured, and the facts concerning large policies cannot be made known, unless they are released by the man who buys the insurance, but it is safe to say that the demand for ready money from an estate passing into the hands of heirs has caused the sale of a great many large policies in the last year. I know of many policies taken recently which have been so large that they have been distributed among several companies.

"It is impossible to say how much of the increase in the amount of insurance taken out in this year over preceding years can be attributed to this cause. People insure their lives for various reasons, and in many cases the need of meeting inheritance taxes may be only one of many motives."

Serious Problems.

The problems which the combined taxes impose on the possessors of large estates are obvious. It will be remembered, for instance, that considerable difficulties were found, from this source, in settling the estate of the late J. Pierpont Morgan. Some of his finest art possessions were sold to raise several million dollars shortly before the collection of inheritance taxes by the State. These were sold. it was reported at the time, to enable the present J. P. Morgan to find the cash necessary to pay the tax without embarrassing any of the enterprises of the Morgan firm. The large policy which he recently bought is probably a precaution inspired by his own experiences.

The necessity to raise a large sum of money within a short time is pretty sure to result either in curtailing enterprises in which an estate is interested by withdrawing funds from them or in causing the sale of properties and securities, which may be done at a sacrifice if the condition of the market is unfavorable, as at present. Considering the financing which was required in settling the J. Pierpont Morgan estate, when it had only the State inheritance tax to face, it is easy to realize the embarrassment and loss which would be entailed today in settling a big estate in which no provision had been made for settling inheritance taxes.

The Morgan Estate.

The tax which the J. Pierpont Morgan estate had to meet was slightly over 3 per cent. On an estate of $69,499,732 net a total inheritance tax of $2,587,675 was paid. There was no Federal inheritance tax in existence at the time. If the same estate became subject to the inheritance tax to-day the Federal Government would collect the normal Federal inheritance tax of $6,861,000 and an additional $6,861,000 by way of a war tax. The total tax charges on the estate would be $16,309,675, or nearly six times the amount which the J. Pierpont Morgan estate actually did pay. If the necessity to pay an obligation of $2,500,000 in cash gave trouble to the heirs of a fortune like the Morgan estate, it is plain that the new Federal inheritance tax laws are going to have an influence on finance in the United States as soon as sufficient time has elapsed for their full effect to be understood.

INSURANCE INVESTIGATION

Hearings Are Continued This Week in the Ontario Inquiry

At a resumption of the hearings by Judge Masten, Fire Insurance Comsioner of Ontario, this week, Le Grand Reed, appearing on behalf of the insurance agents, said that hitherto commissions in Toronto had been unlimited and from that had arisen excessive commissions paid to canvassing agents, sometimes reaching as high as twenty-five per cent. The payment of commissions had absolutely gone beyond control because of the competition for business. The C. F. U. A. proposed to limit commissions to canvassing agents to fifteen per cent., the same rates as obtained five or six years ago, and now prevailing in other large cities in America and Canada.

"We are finding our troubles piled up because of the ease with which one can go to the Parliament Buildings and get a license for $3.00. Under the new conditions we propose to limit commissions to fifteen per cent. and we feel that with the more open field allowed agents when this comes into force after 1st February the canvassing agent will make as much and even more than he does at present."

Mr. Reed also stated that the C.F.U.A. also proposed to limit brokerage commission to a flat rate of fifteen per cent.

Mr. Reed added in reply to Mr. Justice Masten that they proposed to have an issue of separate licenses for life, fire and casualty insurance. instead of one $3.00 license entitling the holder to carry on all three branches of the business.

At a further hearing on Friday, J. Philpott of Fort William. made the statement that of a total insurance of $120,000,000 on grain in elevators only about $33,000,000 was carried by Ontario agents. This was borne out by S. W. Ray of Port Arthur, who claimed that outside agents were receiving as high as 30 per cent. commissions, while local agents could only get 15 per cent.

In addition to its regular quarterly dividend of 2½%, a bonus of 2% has been declared by the Guarantee Company of North America for the year 1917. Both dividend and bonus are payable January 15 to shareholders of record December 31.

An amendment to the Saskatchewan Insurance Act introduced at the present session of the Provincial Legislature provides for a one per cent. tax on the business of companies registered under the act and the taxation of loan company business on the basis of 40 cents per $1,000 worth of business.

C. A. Hughes, who for the past three and a half years has been provincial superintendent in Saskatchewan for the Prudential Insurance Company of America, has resigned his position owing to ill health. He has not, however, severed his connection with the company, and will remain in the service under the company's service disability plan, and when he has fully recovered his health will no doubt again take up his position with the company elsewhere.

CANADIANS IN FRANCE DEFEND THEIR COUNTRY

Men in Overseas Service Are Regarded as in the Militia of Canada.

AN INSURANCE PROBLEM

Excelsior Life Tells How It Was Led To Change Its Policy With Respect To Certain Policies on Soldiers' Lives

In a recent issue of the Sarnia *Observer* criticism was directed at certain practices of the Excelsior Life Insurance Company in connection with the insurance of men enlisted for active military service outside Canada. The criticism was evidently unjustified for the *Observer* has since published a retraction of its statements, together with an explanation of the situation as furnished by the insurance company. As the matter is of interest to both insurers and insured, the remarks of the Excelsior Life may be repeated.

The only policies affected by the matter referred to are policies issued during the period from late in the year 1905 to late in the year 1910. The application for each of these policies contains the following provision—

"Engaging in any military or naval service except in time of peace or in the militia in the defence of Canada is not a risk assumed under the policy applied for unless written permission from the Company shall have been first obtained."

Legal Opinion Obtained

The Insurance Company states that it obtained a legal opinion and was advised that under the provisions of the application which formed part of the contract the Company was not liable in case the assured engaged in active military or naval service outside of Canada unless a permit was obtained. Guided by this opinion and having regard as it was bound to do to the interests of all its policyholders, the Company took the position that any assured under the above class of policy to obtain a permit continuing his policy while engaged in active military or naval service outside of Canada must pay an extra premium.

Some months later the matter was referred to the Superintendent of Insurance at Ottawa, who stated that it was the opinion of the Department of Justice that men enlisted in the overseas forces should be deemed to be in the active service of the militia of Canada. Although the legal advisers of the Company disagreed with this opinion and maintained that the practice adopted by the Company on their advice was proper the Company, in view of all the circumstances, decided to follow the opinion of the Department of Justice and thereupon not only discontinued the practice of requiring an extra premium, but immediately repaid all extra premiums that had been collected in such cases, and where no extra premiums had been collected but a lien on the policy had been agreed to, the lien was removed. These repayments of extra premiums and release of liens were given voluntarily by the Company without any request from any of the parties concerned.

Non-Profit Policies

The notice complained of also advises the holders of policies participating in profits to have these policies charged to the non-profit plan. As the holder of a policy participating in profits has in every case himself selected that kind of policy, doubtless because it has advantages that appeal to him, no notice would be taken of this matter but for the suggestion of discrimination between policyholders. In a very limited number of cases where unusual circumstances prevailed, the Company acting in what it deemed to be the best interests of the Company and its policyholders has permitted a change to be made. In this the Company has merely done what every insurance company must do, and has used its best judgment where the special circumstances of the case require a departure from the strict terms of the contract.

TWO NEW COMPANIES

Seek Incorporation in the Province of Saskatchewan

Bills to incorporate two insurance companies each with a capitalization of half a million dollars and each with headquarters in Regina have been before the Saskatchewan Legislature. These are the British Crown Hail Underwriters, Ltd., and the People's Insurance Company.

During the discussion on the incorporation of the British Crown Hail Underwriters, Ltd.; whose sponsors are Donald Wylde MacLennan, Alexander MacKay, Wm. H. McEwan and Jno. Hutton Riddell, the question was raised whether the company's powers should be made sufficiently elastic to enable it to embark in insurance other than hail. As, however, there is a provision in the provincial Insurance Act requiring the assent of the minister before an amalgamation with another company or before another company could be purchased, the clause was allowed to stand.

The People's Insurance Company is being incorporated by Frank Bland, Alexander Bell and E. G. Allwright.

Objections were offered to certain clauses on two grounds, namely, that the bill furnished powers enabling the company to transact an agency business for other insurance concerns before incorporation was completed. It was felt that this was undesirable in view of the fact that incorporation for an agency company could easily be secured by way of certificate. The other query raised was a proposal in the bill to give the company power to purchase and hold shares in other companies. This very proposal has been legislated against by the federal government this year and the principle was discouraged at a recent conference of insurance superintendents and officials at Winnipeg.

The first objection was met by an amendment which will make it impossible for the company to engage in business until stock to the extent of $200,000 has been subscribed, of which 12½ per cent. has been paid up and the other provision was struck out entirely, and both bills were reported to the house.

CANADIAN ORDER OF CHOSEN FRIENDS

The Order furnishes life insurance to members in accordance with the Standard of the Government of Ontario. Sick and funeral benefits are also given if desired.

No charters are granted to Local Councils outside of Canada. Being confined to this healthful Northern Zone, the death rate is small and rates proportionately low. The Order has already paid over five million dollars in death and disability claims, and over five hundred thousand dollars in sick and funeral benefits.

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Assets over - - - - - - $ 5,000,000.00
Losses paid since organization over - - - - - - - - $66,000,000.00

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British America Assurance Co.
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BOARD OF DIRECTORS: W. R. Brock, President; W. B. Meikle, Vice-President and General Manager; Robert Bickerdike, M.P. (Montreal), John Aird, Alfred Cooper (London, Eng.), H. C. Cox, D. B. Hanna, E. Hay, John Hoskin, K.C., LL.D., Z. A. Lash, K.C., LL.D., Geo. A. Morrow, Lt.-Col. the Hon. Frederic Nicholls, Brig.-Gen. Sir Henry Pellatt, E. A. Robert (Montreal), E. R. Wood.

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REAL ESTATE AND MORTGAGES

SIX MILLION DOLLARS ASKED FOR FARM LOANS

Demand to Date for Accommodation From the Saskatchewan Board.

$800,000 RAISED LOCALLY

Greater Production Loan, Offered for Subscription to the People of the Province, Nets $800,000 So Far, But Will Be Larger

During the course of his budget speech last week in the Saskatchewan Legislature, Hon. C. A. Dunning, provincial treasurer, threw some light on the progress of the government's farm loan scheme and told of the flotation of the Greater Production Loan, which was issued this fall in order to raise money for the purpose. After stating that the farm loans legislation of the previous session had not been put into force until after the provincial election, so that it could not be said that the government was making use of the scheme for political purposes, Mr. Dunning said:—

"Since June 26 the board has received applications for over six million dollars. These applications have come very largely from the new pioneer districts of the province. The outer districts have been so prosperous in the last few years that they do not require to borrow. The act says the provincial treasurer shall supply the money to the board. He has power to raise the money on the general credit of the province. One of the great points of the legislation was to provide cheaper money. If one had to go outside and pay anywhere between six and seven per cent. it would not be possible to loan it very cheap to anyone. It was impossible to go outside the province and borrow because the rate of interest was prohibitive.

Opportunity at Home

"And so, Mr. Speaker, the government decided to give an opportunity to our own people here at home. In other words, the government decided to establish a clearing house between the man in the province who had some money to invest and the man who desired to borrow money on farm mortgages to devote to a development of his farming operations. Thus was the Saskatchewan Greater Production loan launched. It could not be launched successfully prior to harvest time, and it was at that time rather doubtful whether the Victory loan would be brought on this fall or in the spring. It was decided to make a trial rather than wait, even if it was necessary to drop it for a time while the Victory loan was being subscribed to.

"The scheme, I believe, is a good one, the selling of bonds to our own investing people bearing a rate of interest of five per cent., redeemable on giving three months' notice to the provincial treasurer at par. It will never fluctuate. The people, I believe, will respond. They had only a short time to do so before the Victory loan campaign started.

"Up to date a total sum of nearly $800,000 has been subscribed. It is not enough in comparison with the applications. The demand is great. I have seen in the offices of the board a number of the applications. The majority of them lay it down very distinctly that the man who makes application for the loan intends to increase the production of the province. If we are going on with increased production in this province we must see to it that every man on the farm is producing to the utmost of his individual capacity and there are many men in our new pioneer districts who are farming 30 or 40 acres of land who, with a little capital, might produce to the limit of his individual capacity. Many hundreds, yes, thousands of farmers of this province are prevented from working to the utmost of their power because of the lack of a little capital.

Increases Food Production

"The board in connection with the applications which they have received are giving as far as they can preference to those applications which represent the definite increase in the foodstuff production of Saskatchewan. They are doing this as far as possible consistent with good business. I wish to appeal, through this legislature, by way of every member of this House, for the funds wherewith to make advances to those who desire to add to our general production. Every member of this legislature has an influence in his own locality and the response to the Victory loan campaign is proof that there is money in Saskatchewan. The Victory loan campaign has not drained Saskatchewan dry. The money is needed for a definite purpose. A good rate of interest is guaranteed and it is easy to get back the money if required. I would like to see every member of the legislature interest himself in this work when he returns home.

"I was looking over the proposed amendment to the Legislative Assembly Act the other day, Mr. Speaker, and I noticed that a provision is being made so that no member shall be disqualified by reason of investing in securities of the province. Previously it has been illegal for any member to invest in securities with the government for it makes a contract between him and the government. When this amendment goes through, and it is the same in the House of Commons, every member will be able to invest his sessional indemnity in Greater Production bonds and will have the satisfaction of knowing he is earning five per cent. on the money, and that he will be helping to assist some man to develop his farming operations materially."

LAND SALES IMPROVE

C.P.R. Placed More Land This Year Than for Some Time

Sales of land in the Prairie Provinces are more numerous than they have been for some time. In October the Canadian Pacific Railway sold 82,553 acres for $1,456,451, as compared with 45,027 acres for $680,697 in October, 1915. For the ten months ending October the company sold 543,143 acres, as compared with 316,796 in the corresponding period in 1915. Homestead entries average about one thousand per month, the larger proportion of the homesteaders being from the United States. The prosperous conditions now existing in the Western Provinces are attracting more people to the land, and in consequence both homesteads and improved farms are in better demand than for some time past.

DISTILLER'S ESTATE

Late F. H. Walker Left Property Valued at Over Three Millions

By the last will and testament of the late Franklin H. Walker of Detroit, former president of Hiram Walker's Sons, distillers, Walkerville. Mrs. Walker and her daughter are left the bulk of the estate, which is valued at $3,762,397.90. The will, dated June 14, 1916, makes the following disposition of the property:—To Mrs. Walker is left the residence at 850 Jefferson Avenue, Detroit, all household furniture and personal effects and other real estate in Detroit. The servants are allowed gratuities on a basis of 10 per cent. of wages paid them while employed by Mr. Walker. The widow and daughter will equally share the balance of the estate.

The will was filed for probate in Detroit by the Detroit Trust Company, named as executors in the will. The National Trust Company of Toronto will make application for letters of administration to the estate in Ontario. Assets in Ontario are valued at $2,969,209.49, made up as follows: Cash in bank, $6,116.70; life insurance, $17,675; real estate, $20,000; chattels, $1,000; stocks, $193,126; bonds, $49,434.04; mortgage, $1,085.81; book debts and promissory notes, $12,291.12; interest in partnership of E. C. Walker & Bros., Walkerville, $1,771,926.49; miscellaneous assets, including interest in estate of Edward Chandler Walker, $896,554.33.

DOMINION LANDS

Legislation Covering Lands Affected by Drainage Operations

In the Saskatchewan Legislature last week, Hon. S. J. Latta introduced a financial resolution having to do with drainage districts. The resolution as presented and accepted read as follows: "Where in a drainage district petitioned for under the Drainage Act any vacant Dominion lands are included among the lands to be benefited, the minister may make application to the Dominion Government for the purchase of the said lands, and such lands may be purchased by the minister from the Dominion Government upon such terms and conditions as may be approved by the lieutenant-governor-in-council and by the Dominion Government.

"Any land so purchased by the province from the Dominion Government shall when drained be offered for sale by the department in accordance with such conditions and regulations as may be specified by the lieutenant-governor in council and approved by the Dominion Government and the proceeds of the sale of such lands shall be applied by the minister in such manner as may be specified in such regulations after first reimbursing the consolidated revenue fund for the moneys expended in the purchase and drainage of the said lands."

REAL ESTATE MEASURE

Provides Against Selling Property Without Provision to Transfer Title

The practice of selling real estate without making proper provision to hand over the title to the purchaser upon completion of the payments was the subject of a bill introduced into the Saskatchewan Legislature by Murdo Cameron, of Saskatoon county, last week.

In bringing forward the bill Mr. Cameron stated that it has been drafted by a well known lawyer and was being introduced into the House of Commons. The object of the bill was to require the vendor of real estate to either possess title at the time of the sale or to apply all payments received from the purchaser towards securing title under a heavy penalty.

While agreeing with Mr. Cameron that many people in the boom days had bought a pig in a poke, the Hon. Mr. Turgeon voiced several reasons why the bill should not be enacted in the provincial house. In the first place, he stated, the purchaser should take the necessary precautions to protect himself and he pointed out that there was nothing in existing legislation to prevent him from making a contract now which would fully protect him from violation of the principles embodied in the proposed legislation. He also pointed out that the proposed legislation would prohibit the parties to a sale from making any other contract which they might wish to do.

Mr. Cameron withdrew the bill declaring that he believed that any publicity which might have been secured as the result of its introduction would serve the purpose equally well.

ANGLO-FRENCH BONDS

Touch a Very Low Level During the Week Just Closing

Why are Anglo-French bonds selling so low, is a question that has been on many people's lips this week. These bonds sold as low as 81¾ during the week, a price at which they gave a yield of over 12 per cent. Naturally there was a good deal heard about allied reverses on the west front and of course the effect of Russian peace moves and the piling up of German troops in France and Belgium must have exercised a psychological effect on the market. At the same time, the real reason for the drop was not to be found so much in a pessimistic outlook as in the steady and persistent pressure being exerted on money rates. It is inevitable that with a continuance of the war and the drain upon capital that values will decline. Anglo-French bonds have been more susceptible to such influences than most government stocks. They were poorly placed to begin with; there has been constant liquidation and the market has seldom had sufficient buying power back of it to hold them up. Being taxable in the United States, large holders have not been inclined to retain them and there appears little doubt but that this week's weakness was due to the unloading of large blocks by people who wished to place their money elsewhere.

On Thursday the selling seemed to be pretty well over for the bonds came back pretty rapidly to 85¼.

LOSE THE SURTAX

Saskatchewan Municipalities Lose a Source of Revenue

A bill was introduced last week in the Saskatchewan Legislature providing for the transferring of the surtax on wild lands from the municipalities to the province. In moving the second reading, Hon. George Langley, who was in charge of the bill, pointed out that since 1912 and 1913 the provincial revenues had considerably decreased with the reduction of land titles revenues and the abolition of liquor licenses and, on the other hand, expenditures had increased especially for education and hospitals, and it was anticipated that these expenditures would be further increased in the future, and so it was necessary to replenish the treasury by transferring the tax on wild lands from the coffers of the municipalities to the provincial cash box. While he regretted the necessity of taking this step and did so with great reluctance he felt that the officials of the municipalities were reasonable and would be thankful that they had the use of the money for the past four years.

Dealing with the fundamental principles of taxation, Mr. Langley said he believed that taxation should be placed upon the shoulders of those best able to bear it, and the surtax had complied with that principle. "No man," he said, "can hold land apart from the principle of stewardship."

Mr. Langley, after announcing that the provisions of the bill would apply to all lands in the province whether within the confines of a municipality or not, stated that the government in the bill was endeavoring to carry out a system of equalization of assessment as between municipality and municipality.

Mr. Badger opposed the principle of the bill on the ground that the surtax had failed in its object to force speculators to cultivate their holdings and suggested in its place a bill which would make the government a clearing house between the present and future owner and tiller of the soil. The land, he declared, should be settled in a business-like manner.

Hard platinum has advanced $2 to $113 an ounce. This is in the face of the receipt of 21,000 ounces brought from Russia recently.

If the official estimates of the General Electric management are verified by the full returns, the company in its fiscal year ending December 31 will roll up the record profit of $27,000,000, a sum nearly $8,000,000 larger than in 1916.

War risk insurance in the United States up to December 13 had reached $1,963,915,500. The average per man is $8,674.

A bill was introduced in the Saskatchewan Legislature last week providing for an increase all round in succession duties, raising them to the scale in force in Ontario.

A Man to Lean On

THE retailer is a normal man. He wants to be canvassed by those who have goods to sell him. He wants you, a manufacturer or wholesaler, to solicit his favor and business. He wants to be pleasantly addressed and frequently addressed. He wants to know why he should buy from you. He wants to know who you are, and your basis for desiring his business. Most certainly, the average retailer does not like buying from strangers—from firms that he has never or rarely heard of. Like us all, he prefers to give his business to firms that are known to him well — by name and age and on whom he can depend for good service and reliable goods, and who take trouble to solicit his business.

IN most cases the retailer buys from travelers—from personal representatives. These ambassadors of trade, as they have been called, are essential in the great majority of instances. Better, always, to have men calling on the retail trade. This way pays best.

Just the same, the work of travelers can be simplified for them—by advertising. Use the business newspaper that your customer or desired customer reads—the business paper that he subscribes to—paying from $2 to $3 yearly to have—the newspaper that keeps him brushed up, and informed about the markets and their tendencies, and that tells him how to do business better and more profitably.

LET us look at the matter in terms of figures: Suppose you undertake to spend $500 a year on advertising in the business newspaper that your customers or desired customers read. And suppose you have five travelers. It means that you reinforce the work of each at a cost per traveler of $100—this in the year. And suppose these men call no oftener than once a month—12 times in the year, it means that each month's calls are supported at a cost of $8.33. And suppose that these travelers of yours can call in 40 firms a week, or say 160 in the month. Then it means a cost per firm called on of 5 cents or so.

Look at the matter further. Your traveler spends $30 a week on traveling—at least this. He may earn—perhaps you pay him more—$30 a week salary. This makes him cost you $60 a week, say $250 a month. He has to sell a tidy amount of your goods to get back for you the $250 he costs you per month, and so it becomes worth while to spend another $10 a month on him to help him get more business and hold his business better. You would not think twice about that $10 if it were swallowed up in your traveler's expense account or salary. Yet when it comes to detaching this sum per traveler, and investing it definitely in trade newspaper advertising, many a firm fights shy of spending the money. What we should do is to relate such expenditures to business, and we'll get a better understanding of things.

But the best traveler born cannot begin to call on all the prospects in his territory—this as a general thing. His time and distance and railway arrangements all combine to make it impossible for the average man to call on all the list of prospective customers. Many of these uncalled-on customers live off the main line of the railway. They may have general stores. They may be in villages. They may be in the remote environs of the city. And add to this the fact that often principals are away, and, when the traveler calls and finds the essential man away, it is a wasted or lost journey.

In such cases, the talks about your firm and product in the business paper subscribed to by the men in villages, at country crossroads and in the outskirts of big cities becomes good business. You multiply your canvassing calls. You reach at a very, very small cost per prospect a much larger number of possible buyers that your travelers are likely to cover. And unless you use the business newspaper serving the men you would like to sell to, you are not likely to be canvassing them at all. Even if you do send out printed proposals through the mails, you will find it wise to reinforce these direct appeals by advertising in the newspaper that the prospect whom you are soliciting reads regularly and closely. Here again these direct appeals through the mails are reinforced and their power of influence and persuasion multiplied.

And now for the trade newspapers which we suggest to you as mediums. They are:

	Frequency of issue	Subscription price
CANADIAN GROCER	weekly (for over 30 years)	$3.00
HARDWARE AND METAL	weekly	3.00
DRY GOODS REVIEW	weekly	2.00
MEN'S WEAR REVIEW	monthly	2.00
BOOKSELLER AND STATIONER	monthly	2.00
SANITARY ENGINEER	semi-monthly	1.00

AS a first step and as a good one, we suggest that you consent to have one of our men call on you. Even if you live far from Toronto, we have a man near enough to you to call on you—and we stand the expense, of course. And to get things started, we suggest that you use the form herewith:

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JAPANESE SHIPBUILDING

Yokohama Reports Indicate an Expansive Program

Yokohama despatches say that the Nippon Yusen Kaisha authorities contemplate increasing the subscribed capital of the company from 44,000,000 yen ($21,934,000) to 100,000,000 yen ($49,850,000) and have already obtained the Government's approval. The Nippon Yusen Kaisha intends to build 50 vessels, principally freighters, aggregating about 400,000 tons, with a view both to extending the existing lines and to inaugurating new services. Besides the construction of the 50 new vessels, it is said that the company proposes an extension of the European and American passenger services.

The latter plan is reported to be based on a permanent subsidy from the Government, and the Nippon Yusen Kaisha authorities are credited with the intention to operate passenger steamers superior to those maintained on overseas services

CANADA'S TRADE RECORDS IN THE UNITED STATES

Remarkable Development of Canadian-American Relations.

OUR EXPORTS INCREASE

Total Trade Between Two Countries Greater For Four Months Than During Whole Fiscal Year 1911

Special to The Financial Post.

NEW YORK.—The Dominion of Canada is forging new trade records in United States, and the indications are, from the October figures just released by the Department of Commerce, here, that she will swing well past the billion dollar mark in the current fiscal year of the United States which closes June 30, 1917. In the 12 months ended June 30, 1917, trade between Canada and the United States reached the billion dollar mark for the first time in the history of the two neighbor countries, with a margin of 88 million dollars to spare. Indicated returns for the 12 months ensuing, based on the first four months, reach $1,169,215,000. This is largely guess work; with some of the best business months yet to come the strong probability is that this estimate will be well exceeded.

A vivid indication of the rapidity with which the Canadian-American trade relations have developed may be gained from the fact that for the first four months of the current year a total trade turnover of $389,738,620 has been reached. In the twelve months of the fiscal year 1911 the total was $370,669,431. Thus it is seen that the volume of trade is greater for four months, now, than for 12 months then, seven years ago.

The latest statistics show that for October, 1917, the U. S. imported from Canada a total of $39,242,612 worth of merchandise and exported a total of $64,004,377. In the ten months ended October 31, 1917, U. S. exports to Canada amounted to $693,225,308 compared with $481,377,390 a year ago while imports from Canada aggregated $328,319,977 this year compared with $186,699,247 last year in the corresponding period.

Exports to Canada of 64 million for October represented 62 per cent. of the United States' exports to North American countries; America purchased $66,261,904 merchandise in North America during October, 59.2 per cent. of this being done in Canadian markets.

The following table serves to illustrate the growth of Canadian-American trade, month by month for the past two years, probably the most interesting two years in the business connections of the two nations:—

1916.	Exports	Imports	Total Trade
Jan. ..	$38,318,538	$13,660,233	$51,978,771
Feb. ..	37,662,675	13,817,475	50,980,150
Mar. ..	43,113,722	15,506,162	58,619,884
Apl. ..	48,914,013	15,913,365	64,827,378
May ..	49,535,572	19,923,720	69,459,292
June ..	51,122,457	18,869,819	69,992,276
July ..	49,441,595	19,509,508	68,951,103
Aug. ..	56,845,240	21,444,213	78,289,453
Sept. .	52,148,637	22,649,345	74,797,982
Oct. ..	54,274,941	25,905,382	80,180,323
Nov. ..	62,922,200	26,814,840	89,737,045
Dec. ..	60,951,500	23,753,953	84,705,462
1917.			
Jan. ..	58,921,378	21,979,490	70,900,868
Feb. ..	53,841,531	19,260,655	73,102,186
Mar. ..	77,037,204	22,796,899	99,834,103
Apl. ..	75,736,134	27,734,545	103,470,679
May ..	90,985,092	43,244,201	134,229,293
June ..	94,478,245	40,875,516	135,353,761
July ..	53,049,103	36,517,340	89,566,443
Aug. ..	71,395,962	34,481,128	105,877,096
Sept. ..	53,860,425	37,187,671	91,048,096
Oct. ..	64,004,377	39,242,612	103,246,900

The above figures serve to point out that the October, 1917, figures have only been exceeded four times previously in the trade history of the two countries. Also, with two exceptions, (the months of May and June) America's imports from Canada have never been greater in any one month.

It is reasonable to look, from now on, for a further expansion in the figures of U. S. imports from Canada, when the recent war buying in Canadian buying begins to show itself in the foreign commerce statistics, which it will, as soon as, with the completion of orders, shipments start forward. On the other hand recent restrictions regarding U. S. exports of raw materials, an embargo in which Canada is vitally interested particularly from the standpoint of fuel, promise to play a striking part. The restriction and limitation of exports, and at the same time an increased importation of goods will serve to bolster up Canada's trade position in this country. For, though her world balance is at the best point in her history, Canada's trade balance in this market is highly "unfavorable." At October 31, 1917, Canada's "Unfavorable Balance" in the U. S. amounted to $364,905,331 compared with $294,678,143 a year ago.

With embargoes and counter embargoes existing and threatening between Canada and the United States it is something of an anomaly that there should be complete reciprocity in other directions. It has already been pointed out in THE FINANCIAL POST that since April of this year wheat and wheat flour have been imported into this country in greatly increased quantities from our northern neighbor. This is due to the fact that on April 16 Canada removed the duty on wheat, imported. This action automatically admitted Canadian wheat free of duty into the U. S. under the provisions of the tariff law of 1913

POWER PLANTS CANNOT SUPPLY HUGE DEMAND

Attention is being drawn constantly to the enormous development that has been taking place in hydro-electric plants in Canada, and in line with this the inability of these plants to cope with the heavy demand for power for industrial purposes. Readers of THE FINANCIAL POST are familiar with the situation in the Niagara Peninsula, where the export of power is threatened to be cut off entirely, owing to the inability to generate sufficient to take care of domestic requirements, while the figures of the Southern Canada Power Co. last week provided another illustration for Eastern Canada, though on a somewhat small scale. An even more convincing example is provided this week by the Shawinigan Water and Power Company.

The gratifying feature about these reports of development in the output of power companies is that the net result is usually the reverse of those that have been applying to steam roads and radials, street railways and gas companies, and the majority of other public utilities. In the case of the latter the overhead charges have been growing so rapidly of late that the increases in gross earnings have not been able to wipe out the overhead, and a falling off in net earnings has been the common experience. The power companies are an exception, as ordinarily there can be a big increase in the output without any material advance in the cost. Shawinigan is no exception to this, and it is announced that its net earnings will run over $106,000 in advance of last year. The Laurentide Power Co. is still another illustration of the immense demand for power all over Canada where munitions plants and other industries have been extending their activities.

WORK OF RAILROADS

To Win the War is One Great Aim of Executives

"In carrying the enormous burdens imposed by war conditions the railroads of this country are doing magnificent work," said F. B. Montgomery, of the executive committee of the National Industrial Traffic League, at a meeting here of the Chicago Car Service Committee of the Railroads War Board.

"We know railway managers are subordinating everything else to the one idea of helping to win the war. That is also the aim of the National Industrial Traffic League and we are backing up efforts of railroads just as strongly as we know how. If we can do anything more than we are doing we want to know what it is. Shippers and receivers of freight are meeting railway managers half way in solving the great problem of best handling transportation so as to help win the war. Cars must be loaded, unloaded and moved just as promptly as possible. Railroads War Board's management of our railways is exceedingly efficient. Cases of delays of cars and freight are only minor incidents and do not affect the situation as a whole. In return for service which railroads are rendering the Government and the public they must be properly provided for and I have no doubt that they will be. Development cannot be made now; it must be made later. Of one thing I feel certain, that big business men of this country do not believe in the theory of Government ownership of railways."

BONDS FOR DIVIDENDS

Difficulty of Handling Smaller Amounts Than Fifty Dollars

In connection with the suggestion that Victory or Liberty bonds might be used in the payment of dividends by corporations, it is pointed out that difficulty might arise through the impossibility of handling smaller amounts than $50. This might be overcome, says J. S. Bache & Co., by the corporations establishing a trust account, collateraled with the full amount of bonds required for the total sum of the dividend, and then issuing debentures, drawing 4 per cent. interest, against this fund, to each stockholder, for the amount of his dividends. If this practice should become general, a market could be created for these debentures, and they would be bought and sold probably close to the quotation for the bonds themselves. Such small debentures, drawing 4 per cent. interest and representing the bonds, might meet the demand for investment under $50. Their issue would, of course, entail extra labor on the part of the issuing corporation, but would tend to wider distribution and popularization of government bonds.

BANK OF OTTAWA HIGHER PROFITS BETTER POSITION

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GOVERNMENT FINANCING

Statement of Assets Indicates That About One-third of the Bank's Total Assets Were at Service of the Nation

A materially stronger position as regards immediately available liquid assets accompanied by a nice increase in earnings are features of the Bank of Ottawa's year as revealed by the annual statement which should appeal to shareholders. The total increase in assets amounted to $7,862,671, and of this $7,241,773 appears as immediately available according to THE FINANCIAL POST'S analysis. The ratio of liquid assets to total assets improved from 26.2 per cent. to 34.2 per cent. during the year and the ratio of liabilities to the public from 31.1 per cent. to 39.7 per cent. Comparative figures follow:

Immediately Available Liquid Assets

	1917	1916	Change
Specie ....$	1,017,965	$ 1,275,511—	$ 257,546
Dom. notes	3,037,808	2,232,841+	804,967
Nt. cir. dep.	210,000	212,180—	2,180
Notes bank	446,355	422,600+	23,755
Bank bal...	1,795,970	756,352+	1,039,618
Do., ab'd.	2,125,307	1,980,552+	144,755
Gov. sec....	9,209,141	5,482,571+	3,726,570
Cheques ..	2,157,665	1,945,831+	211,834
Gold res....	2,150,000	600,000+	1,550,000
	$22,150,211	$14,908,438+	$ 7,241,773
% total assets	34.23	26.20+	8.03
% total liab. to public...	39.69	31.11+	8.58
Other Assets			
Pub. sec...	$12,137,699	$10,226,716+	$ 1,910,983
Other secs.	660,331	668,819—	8,488
Call loans..	1,712,146	2,106,635—	394,489
Current ...	24,285,835	24,666,966—	381,131
Municipal .	1,236,671	1,662,614—	425,943
Over debts.	415,789	507,648—	91,859
Lets. cred..	7,288	54,319—	47,031
Real estate.	206,954	202,915+	4,039
Mortgages..	47,154	36,137+	11,017
Premises ..	1,805,554	1,757,852+	47,702
Other ass..	106,127	110,029—	3,902
	$42,621,548	$42,000,650+	$ 620,898
To. assets..	$64,771,759	$56,909,088+	$ 7,862,671
Liabilities to Public			
Circulation	$ 6,152,845	$ 4,708,835+	$ 1,434,010
Dem. dep...	7,543,808	8,083,618—	539,810
Savings ...	41,419,646	34,780,506+	6,639,140
Due banks.	20,247	34,911—	14,664
Due else...	498,799	125,964+	372,835
Accept. ...	7,288	54,319—	47,031
Other Liab.	174,222	132,306+	41,916
	$55,806,855	$47,920,459+	$ 7,886,396
To Shareholders			
Capital ....$	4,000,000	$ 4,000,000	....
Reserve ...	4,750,000	4,750,000	....
Dividends .	120,486	120,450+	36
Balance ...	94,418	118,179—	23,761
	$ 8,964,904	$ 8,988,629—	$ 23,725
To. liab....	$64,771,759	$56,909,088+	$ 7,862,671

Financing the Government

The part which the bank has played in government financing is indicated in the fact that holdings of government securities have increased by $3,726,570, and of public securities—including British Treasury notes—by $1,910,983. These two accounts represent a total of over $21,000,000 or about a third of the bank's total assets. This government financing has evidently been profitable to judge from the profit and loss account.

Other outstanding changes are an increase of $1,500,000 in gold reserve,—this increase being over $600,000 in the previous statement—and an increase of about $1,000,000 bank balances. There was also an increase of some $800,000 in holdings of Dominion notes but other changes were not significant.

The bank's increased funds are a reflection almost entirely of the increase in savings, these deposits having grown during the year by $6,639,140. Demand deposits were lower by $539,810. Bank paper in circulation increased by $1,434,010.

Profit and Loss

The profits reported were $616,238 which compared with $591,205 in the previous year and $531,268 for the period ending in 1915. Usual appropriations were made for dividends, other allowances being $10,000 for pension fund, $40,000 for war taxes, $100,000 for special reserve and $10,000 for patriotic fund. This left a surplus of $23,762 compared with a deficit of $128,125 in the previous statement, but the latter result was reached after $200,000 had been appropriated for special reserve—$100,000 more than the latest statement. Comparative figures follow:

Profit and Loss
Income Account, Years Ended Nov. 30

	1916-17.	1915-16.	1914-15.
Net profits ...$	616,238	$ 591,205	$ 531,268
Total ....$	616,238	$ 591,205	$ 531,268
Dividends	480,000	480,000	480,000
Pension fund ..	10,000	....	......
War tax on note circulation ..	40,000	39,330	33,263
Special Reserve	100,000	200,000	......
Patriotic	10,000	....	......
Surplus ....$	23,762	*$128,125	$ 18,005
Prev. surplus ..	118,179	246,304	228,299
$	94,418	$ 118,179	$ 246,304

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* Deficit.

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ADVANCES, &c. do. 62,433,784
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